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The CREDIT WORLD

JANUARY, 1934
Vol. XXII No. 4

What's Ahead--in 1934-- for Credit Granters?

(See Pages 16-17)



MAGAZINE - OF



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**NATIONAL RETAIL CREDIT ASSOCIATION
1218 Olive St. St. Louis, Mo.**

The CREDIT WORLD

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

January, 1934

Vol. XXII

No. 4

EDITORIAL AND EXECUTIVE OFFICES

1218 Olive Street

St. Louis, Missouri

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CONTENTS

Editorial Comment	2
Code-Casting for Nineteen Thirty-Four	4
This Bank's "Personal Loan" Plan Helps Liquidate Retail Accounts	6
An Analysis of Profit and Loss Accounts—in Seventy-Five Texas Stores	8
Nebraska's Program for the New Year	11
The President's Message	12
"What Is This Year's Most Important Problem for Credit Managers?"	16
Handling the Woman Credit Customer	18
Washington Bulletin	22
The Credit Clinic	24
Bright Bits from Bureau Bulletins	26

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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association.



In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

Announcing--

Our New Forms AND Systems Department

We have purchased the entire stock, etc., of THE CREDIT SERVICE SUPPLY CO., PUEBLO, COLO., and removed same to St. Louis.

Now operating, our new Forms and Supply Department is ready to supply our members with--

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NATIONAL RETAIL CREDIT ASSOCIATION

1218 Olive St.



St. Louis, Mo.

EDITORIAL COMMENT

D. J. WOODLOCK

What of 1934?

WILL the new year be as eventful as 1933? Will the up trend of the past few months continue? Will the extraordinary economic program set up by the administration stand the test?

These are questions which can be answered only as the months of 1934 fall from the calendar of time. We know conditions are better than a year ago, when we had reached the most discouraging period of the depression: an epidemic of bank failures, business at a standstill, daily increase in unemployment and universal pessimism.

Then came Franklin D. Roosevelt, radiating assurance and aggressiveness. Things began to happen. He set in motion a far-reaching and unusual plan for recovery which restored confidence, and stiffened the backbone of even those who disagreed with him politically.

Government agencies moved with startling rapidity, but improvement was slow; at times things appeared worse; some mistakes were made but for the past few months there has been clearly visible an upward trend, a slow but steady stabilization.

We are not optimistic enough to predict 1934 will end our troubles. The improvement will continue slowly but there is every reason to feel that progress will be made.

The stabilization of our currency, the accumulation of vast public debt, the unemployment and relief problems—are major difficulties which will not be overcome until a way has been found for our banks to relieve the Government of the necessity of financing business and individuals.

Production and consumption must be stimulated to care for the unemployed and relieve the Government of the enormous drain for relief work.

There is a limit to Government spending, a danger of imperiling our credit. Confidence must be restored to promote investments and there must be no question about our money or credit values. Bankers, financial institutions and individuals who have money for investment can do much to relieve the Government by adopting a more liberal credit policy, particularly toward real estate and building loans.

The Government guarantee of bank deposits will reduce the necessity for holding large cash reserves in anticipation of "runs." Banks may increase loans for business and again place service

(and not service charges) as the most important thing in banking.

Business is to be congratulated for the way in which it has cooperated with and backed up the administration, but don't forget this: Just as soon as business is able to go it alone, the Government should be relieved of the necessity of acting as "Fairy Godmother." *As this is done, 1934 will be a prosperous year.*

» » »

Treat Your Credit as a Sacred Trust!

THE Government has sued twenty New York banks to collect on an agreement made in 1932, in which these banks pledged that they would pay any loss suffered by depositors of the Harriman National Bank if the Government would allow it to remain open. It later failed with a loss of nine million dollars.

The defense of the banks is that they made the promise "in a crisis and without extended consideration of the technical formalities involved."

Well, well! It looks as though our friends the bankers, who have always set themselves up as the exemplars of all that is sound in credit procedure, are not practicing what they preach. How the shadows of those bankers of the old school who regarded their word as their bond and based all credit extension on the same theory, must wonder at such hypocrisy!

» » »

"Money, Money, Money"—

But What About Credit?

THE Associated Press on December 25 released a selected list, compiled by Professor Irving Fisher, of men "who understand the real meaning of money." It was interesting, because of the omission of a number of names we expected to see on such a list.

There is so much discussion about money—gold and silver—these days we fear our economists are overlooking a force of equal importance in our commercial scheme: Credit. While it is true that credit is only sound when there is money to take its place when called for, it is also true that credit puts money to work, increases consumption, promotes production and is the motivating force of business.

If we were to be limited to the five or six billion dollars of actual money in circulation, our activities would be seriously handicapped. With credit properly safeguarded, it can be extended liberally, and the actual money in circulation will be pumped through the arteries of trade, used over and over again and our entire commerce benefited.

The divergent and many-sided views of our economists on "money" make us dizzy. It is possible if they would consider credit and money together as the media of exchange, they might arrive at a unity of thought which would help us all.

Credit inflation of a reckless character is just as bad as money inflation, but there are many ways of expanding credit in a thoroughly sound manner, so as to enable business and individuals to work out of their difficulties. Bankers appear to be leaving the loaning of money entirely to Government agencies. Yet nothing would do more to restore confidence in banks and general business than a willingness of financial institutions to be more liberal in credit extension.

If this is not done it will look like a big opportunity was missed when the Government did not take over all banks at the time of the bank holiday.

» » »

A New Department in the National Office

ON JANUARY 2, the National Retail Credit Association opened its new Forms Department, a complete stationery supply store for furnishing standard forms to credit reporting bureaus, simplifying, systematizing and making uniform the work of our Service Department.

Additional space was secured in our headquarters building, two thousand feet of shelving for storage purposes erected and the very latest equipment for packing and shipping installed.

This department is supervised by Mr. Charles O. Stiles, former owner of the Credit Service Supply Company of Pueblo, whose stock and equipment were purchased by the N. R. C. A., so as to give our members an Association-owned-and-operated Forms Supply service.

Because of printing in large quantities, low prices are secured and forms are sold to members at cost plus handling. The new department is one of the most needed and popular services of the N. R. C. A.

» » »

A Real Banking Service

IN THIS issue we publish an article by G. F. Foley describing a personal loan system used by the Denver National Bank, Denver, Colorado. We compliment the bank on this service, which helps individuals and also the stores—with profit and safety for the bank.

A Timely Insert for January Statements



"I've Turned Over A New Leaf, Son!"

"I've made just one New Year's resolution—to pay my bills promptly when they're due.

"The ups and downs of last year taught me the value of a good credit record. I'm going to pay my bills on the tenth of the month from now on.

"That's a mighty good resolution for you, too, Son!"

National Retail Credit Association

Executive Offices



St. Louis, Mo.

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Dotted lines show size of insert only. (They are not part of the insert.) Printed in two colors—red and black (top and bottom rules and headlines in red). Order now for your January statements.

PRICE \$2.50 PER 1,000

National Retail Credit Association

1218 Olive St.

St. Louis, Mo.



Code-Casting for Nineteen Thirty-Four

By FRANK M. MAYFIELD

President, Scruggs-Vandervoort-Barney Dry Goods Co., Saint Louis;
President, Associated Retailers of Saint Louis

[An Address before the Twenty-Third Annual Convention of the
National Shoe Retailers' Association, Saint Louis, January 9, 1934]

I AM not so sure that I am so grateful to the committee which assigned to me the subject, "Code Casting for 1934." Such a subject has the tendency to put me in the rôle of a prophet and my experience since 1929 has indicated a perpetual open season for prophets and that they are apt to be (and probably should be) shot at sight.

I am in entire sympathy with and believe in the Administration's Recovery Program. I do not believe with our *laissez-faire* philosophers that there is nothing you can do about a depression. I believe the administration *has done* and is doing something and that it has been tremendously effective in bringing us a considerable distance from the bottom of the depression and that its entire plan was brilliantly conceived and admirably executed.

The Business Codes have been an integral part of that plan. They have furnished business men with an opportunity to regulate themselves. I believe our first obligation is to study them, sympathize with the purposes behind them, criticize them fairly and keep them as workable instruments for the regulation and improvement of business.

As I see it, the codes have two distinct purposes—first, recovery; second, reform. The first purpose is concerned with putting people back to work, with the limitation of hours, with repairing our industrial machine; the second with instituting vast and needed reforms in business practice.

I am aware that many thoughtful observers believe there is little the Government can do in the economic field which is not harmful. One of them recently in searching for historical precedents went back to the Edict of Diocletian, published in A.D. 301. I have recently read that curious document. It fixed a maximum price and minimum wages throughout the Roman Empire. The preamble insists with great vehemence on the extortion and inhumanity of merchants, who being on the firing line, always get the brunt of criticism during rising prices.

Among the articles on which the maximum value is assessed are oil, salt, honey, butcher's meat, poultry, game, fish, vegetables, fruit, clothes, skins, boots and shoes, harness, timber, corn, wines, beer and the wages of laborers and artisans. Maximum prices for all these products were fixed and, in the long run, the effort was a failure.

There is an essential difference between the depression which brought about this edict and the depression that brought about our codes. Diocletian was concerned with the tremendous scarcity of these products and the consequent rise in prices. We are not concerned with scarcity; we are concerned with a surplus, with the ability to produce more than we can consume and with the proper distribution of that surplus.

Some economists, observing the enormous extension of Government control over business life, have raised the bogey that we are on the road to a planned economy, that we are attempting to regiment the industries of this country exactly as Russia has attempted to do in her industrial life.

I think the same difference, which I have pointed out in the case of Rome, holds in this case and that there is no connection between Russian collectivism and the Government controls which we are setting up in Washington. Russia is concerned in a gigantic effort to increase production in a country which does not have enough of anything. Our effort, again, is to control a surplus.

As Walter Lippman has pointed out, Stalin is concerned with 5-year plans to grow larger crops, to build more factories, to turn out more goods. Secretary Wallace and General Johnson make their plans that we must grow smaller crops, discourage the building of new factories and turn out less goods.

I see no reason, therefore, to become alarmed that we are going through revolutionary changes or that the capitalist system shows any signs of breaking down.

What then will happen when recovery sets in? Suppose production and consumption are brought into balance? Suppose prices begin to rise because demand is greater than supply? Under these conditions how long would any administration want to keep in force any measures limiting production? How long would the Government pay farmers to produce less? How long would business men stand for codes, limiting machine hours, limiting new producers and generally restricting output?

On a rising market, that side of all codes would disappear, I believe, overnight, because the necessity for them would have passed. In other words, the existing regimentation will last just as long as Congress said it would last; that is, for the period of the emergency.

What then will remain of the codes? Here we find ourselves in the field of speculation and one man's guess is as good as another's. In his recent speech to Congress, President Roosevelt said: "Though the machinery, hurriedly devised, may need readjustment from time to time, nevertheless, I think you will agree with me that we have created a permanent feature of our modernized industrial structure, and that it will continue, under the supervision, but not the arbitrary dictation of Government itself." I think the codes will remain as a permanent feature of our industrial structure and that they will be entirely concerned with the long time social reforms, limitation of child labor, encouragement of collective bargaining, and regulations to reduce commercial corruption and unfair and destructive business practices.

I am well aware that the average American is an individualist and that, under normal conditions, he will resent Government interference in his business. It is equally certain that rising prices will bring about complaints against the high cost of living and denunciation of anything that tends to increase it, which high wages will undoubtedly do.

But, I believe the social conscience of the American people has progressed to the point where they will not return to low wage scales any more than they would permit a return to the exploitation of child labor.

And I, for one, will welcome the opportunity to have short hours and to pay high wages without having a competitor cut my throat by having neither.

The fair practice provisions of the Code should remain and should be amplified. I am sure I could mention hundreds of examples of business practices easily corrected under the Code which business, by itself, seems not to be able to remedy.

For example, a recent ruling on practice in the time-payment field which prevents a retailer from advertising no charge for deferred payments when he is in fact doing so. Now, any student knows it costs money to carry deferred payments. A retailer engaging in it is carrying on two functions, one merchandising, the second a banking function.

Bankers long ago found there was no room for competition in their rates. Merchants should know that there is no room for competition in credit terms. These terms should, I believe, be standardized, stabilized, and the public will be served by a clearer knowledge of the actual costs of deferred payments.

I doubt seriously if business men can make this improvement alone. I have no doubt it could easily be done by the Retail Code authority.

A long step has already been made toward cleaner competition and a finer code of business standards in this country. Much more remains to be done.

I cannot close with anything more fitting than another quotation from our great President:

"Civilization cannot go back. Civilization must not stand still. We have undertaken new methods. It is our task to perfect, to improve, to alter when necessary but in all cases to go forward."

Consumer Credit Stood Test of Depression, Says Prof. Moley

In an article appearing in the daily press under date of December 11, Prof. Raymond Moley has this to say about Consumer Credit:

Despite the vast scope of the consumer credit industry, it still remains relatively unknown to the public mind. What we do know, however, is that the much criticized easy-payment plan stood the test of the depression. Huge losses were suffered by our people through uncontrolled speculative loans made at home and abroad by our commercial banks, loans which will never be collected. But the consumer, the average American, has paid his personal obligations, and come out with the highest credit rating of all.

Consumer credit deserves serious public attention for additional reasons. If there is one thing which we have in America today in overabundance, it is credit. Our banks are overflowing with capital which seeks employment in vain. We have an excess of productive capacity, and the banks are none too eager to invest in further expansion of plants.

Yet, with the surplus of credit, we have a deficit of consumption. Millions of American families lack the things which the nation's industries are equipped to turn out and supply upon short notice.

Students of consumer credit are convinced that it affords the avenue for a lasting recovery. It is claimed that the most effective way to raise mass purchasing power is to finance it. How the great reservoir of credit in our possession can be diverted, through the existing institutions at low rates of interest, to the great bulk of our consumers direct, is a question of national moment.

We credit managers who have studied and handled consumer credit in good times and bad are much interested in the conclusions of the professor. There is no question but that easy-payment plans increase sales and therefore speed production. There is also no question that with proper credit control this business is safe and profitable. The great danger is in becoming reckless and encouraging persons to buy beyond their ability to pay.

» » »

Gill Elected Director of The Emporium (St. Paul)

An outstanding example of the opportunities offered to credit managers who have ability and vision, is the election of Lambert S. Gill as a Director of The Emporium, St. Paul, one of the leading department stores of the country.

Mr. Gill has been connected with The Emporium for many years. His efficient work as Credit Manager brought him the title of Assistant Treasurer and now he has been placed on the Board of Directors. He has always been a leader in credit matters in his city and state, serving as president of the St. Paul Local Association, a member of the Operating Committee of the Mutual Credit Rating Exchange and president of the North Central Regional Conference of the N. R. C. A.

This Bank's "Personal Loan" Plan Helps Liquidate Retail Accounts

By G. F. FOLEY

Assistant Cashier, Denver National Bank, Denver, Colo.

INCREASED personal loan business, good will from the large retail stores, and an appreciated service to the borrower—these are some of the results of the co-operative plan worked out by the Denver National Bank's personal loan department and Denver's large department and retail stores.

A little over a year ago, representatives of the bank met with the credit men of the various stores to lay before them a plan for collecting overdue accounts. It was felt that the bank had a definite service to offer the stores, and subsequent events have proved that this was right because the plan has met with success.

The plan, as we of the bank outlined it then to the credit men, consists briefly of having our personal loan department finance the store's overdue accounts. This gives the store, or stores in cases where we combined several accounts owed by one individual into one loan, immediate use of the money, and enables the individual to pay off the loans on a definite plan in easy monthly or semi-monthly installments. In each case, of course, the store is asked to guarantee the note or such part of the note as is represented by its account.

We have found, as a result of the year's experience, that the individual is much more likely to meet his obligation after it has been transferred to the bank. He feels the importance of maintaining his bank credit, and also welcomes the opportunity, at least this is true in most cases, to have a set amount to pay and a set time for making the payment. He plans on the payment before

it is due and is more likely to have the money ready than when both the date for making the payment and the amount are not definite.

A short time before the plan was actually inaugurated, the bank printed a supply of folders describing the plan in detail. This folder was written entirely from the store's viewpoint, and a supply of the folders was delivered to each of the stores cooperating in the plan, for distribution to customers.

This folder, which is small enough to slip into a purse or pocket, contains on the cover simply the wording, "Announcing a Financing Plan of Interest to Our Customers," and the signature cut of the store. The message on the inside reads as follows:

"In the past few months, due to business conditions, a number of valued customers of Denver's large retail stores have found it difficult to take care of their charge accounts on the customary terms.

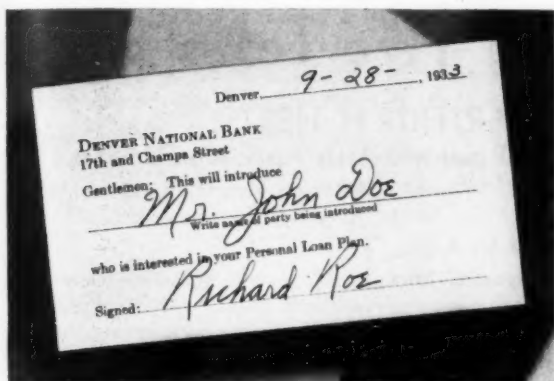
"At the suggestion of some of these customers, and with the thought that such a plan would save embarrassment, this store, together with other Denver retailers, has made arrangements with the Denver National Bank to carry these delinquent accounts for us, and to enable our customers to settle them by means of convenient monthly payments.

"The plan is very simple. You sign a note at the Personal Loan Department of the Denver National Bank for the amount of your bill, plus interest at the rate of 8 per cent per annum. You then make twelve equal



How one bank has provided a new service to merchants and public » with profit and safety for itself » is told in this article, reprinted by permission from "The Burroughs Clearing House"

monthly payments, or any fewer number that you may select, into a special account which the bank opens for that purpose. These monthly payments are made until the amount of the note has been accumulated. Interest



"The store customer is given an introduction card to the bank—"

rebate at the rate of 3 per cent per annum is allowed on these monthly payments if they are made when due or in advance.

"Immediately upon your signing the note at the bank, the amount of your bill is paid by them, direct to us.

"This plan is of especial interest to those who value their credit standing, but who, through circumstances beyond their control, have been unable to handle their accounts in the usual manner. Through this plan, your bill is paid in full, with no embarrassment whatever to you. The payments are made directly into the Savings Department of the bank.

"Example of the Denver National Bank's Personal Loan Plan:

If the amount of your bill is ----\$100.00
8% interest is added ----- 8.00
Total amount of note -----\$108.00

"You then deposit \$9.00 per month, for twelve months (or, if you prefer, a proportionately larger amount for 3, 6 or 9 months) in a special account. If all payments are made promptly, you will receive an interest rebate amounting to \$1.48 when making your final payment. This makes a net cost to you of only \$6.52 on each \$100.

"For each three months that the loan runs, the minimum interest charge is \$1.00.

"If this plan appeals to you, kindly call at our Credit Department and we will give you a card of introduction to the Denver National Bank, where the entire matter will be arranged."

The store inserts one of these folders in each of its overdue account bills mailed to the customer. When the customer inquires about the plan at the store, an introduction card furnished by the bank is given him to present at the Denver National Personal Loan Department.

When the customer brings this card to the bank, we endeavor to find out first if he has overdue accounts with any of the other stores cooperating in our plan. If so, we try

to have these included in the same note. The customer is then given a personal loan application form to fill out. While he does this, we phone the one or more stores in question to get the exact amount of the overdue account, and to get the permission of the credit man of the store to include the account in the loan.

The usual investigation of each customer is made through the Retail Credit Bureau. While this may not seem necessary at first thought, since the loan is guaranteed by the store, still it does prove helpful in many cases. At times it shows how useless it would be for the bank to waste time and stationery in making the loan, since the individual's past credit record is so poor that it seems unlikely that he will meet his payments promptly if at all. In other cases the investigation discloses what the customer may have been too embarrassed to admit to our loan man, that he has overdue accounts at other retail stores. This knowledge, of course, gives us the opportunity of suggesting the consolidation of all of these accounts under the one loan.

When the loan is granted, we send a check to each store for the amount of its account, together with a guaranty form for the authorized representative of the store to sign, guaranteeing its proportion of the loan. The usual procedure of the store then is to close the customer's charge account until the loan is paid, or in special cases, to permit the customer a limited charge account with the understanding that it must be paid in full every month.

G U A R A N T Y

WHEREAS, Mr. John Doe, has executed a promissory note payable to the Denver National Bank for the sum of Two Hundred and Sixteen ----- Dollars (\$ 216.00), dated September 20, 19 33, payable in 12 months, and has agreed to make monthly deposits of \$ 18.00 per month for 12 months to be held as collateral security for the above mentioned promissory note;

NOW, THEREFORE, in consideration of the payment to us of Two Hundred ----- Dollars (\$ 200.00), being a part of the proceeds of said note, we-I hereby agree, in case of default in payment or in any of the other conditions of said note, to pay on demand unto said The Denver National Bank the said sum of Two Hundred ----- Dollars (\$ 200.00), less that proportion of the monthly deposits made by the maker of said note up to the date of said default, represented by the ratio between the amount of this guaranty and the principal of said note; and for the consideration aforesaid we-I hereby waive all notice of non-payment, dishonor or protest of said note and of the state of said indebtedness at any and all times.

Dated at Denver, Colorado, this 2nd day of October, 19 33.

THE JAMES DEPARTMENT STORES
Richard Roe

"We send a check to each store for the amount of its account, together with a guaranty form for the authorized representative of the store to sign—"

(Continued on page 10.)



An Analysis of Profit and Loss Accounts--in Seventy-Five Texas Stores

By ARTHUR H. HERT

Secretary-Manager, Retail Merchants Association of Texas,
Austin, Texas

[The Second Installment of this Article,
Which Began in the December Issue]

IF YOU read the first installment of this article (in the December issue of *The CREDIT WORLD*) you will recall that this analysis of Profit and Loss Accounts in seventy-five Texas stores, showed that these stores, from 1921 to 1930 inclusive, had charged off 4,862 accounts amounting to \$153,974, or an average of \$32.00 per account.

The preceding installment also showed number of accounts, total amounts and averages charged off in different lines of business, detailed percentage distribution of accounts by sex and marital status, percentages showing use or nonuse of credit bureaus on these accounts and comparative figures on yearly charge-offs.

Now—read on:

Table 4 shows the percentage distribution of the total number of accounts charged off to Profit and Loss in each class of business or profession according to the reasons why the accounts were charged off to Profit and Loss.

The reasons why the 4,862 accounts were charged off to Profit and Loss are quite important as well as interesting. The most surprising result of this table is that 48.2 per cent of the accounts were those of "dead beats"; people who could be located and who were employed, but who simply refused to pay their obligations, for no good reason other than the lack of desire to do so.

Paying debts is habit-forming, and a person is just as liable to develop the habit of paying debts as he is to form the habit of neglecting debts, and the worst thing that might happen to a customer is to learn that his accounts may actually be neglected with freedom. Merchants should realize that the public will react to the merchants' influence and credit department policies and requirements. It would seem that the merchants throughout the United States as well as Texas would grasp the psychology of this circumstance and either permit or instruct their credit managers to adhere strictly to the policy of enforcing cooperative credit terms.

There also appears from this table that 20.5 per cent of the accounts charged off to Profit and Loss were charged off because they were "skips." In other words, one out of every five Profit and Loss accounts became a Profit and Loss item because the customer could not be

located. This indicates lax methods in opening accounts. Anyone entitled to buy on credit would normally have business and family connections which would make it almost impossible for him to drop out of sight.

**Table 4 » Reasons Why 4,862 Accounts
Were Charged to Profit and Loss**

Reasons	Total Accounts	Per Cent of Total
Dead Beats	2,341	48.2
Skips	1,001	20.5
Temporary Financial Difficulties	457	9.4
Unemployed	382	7.8
Sickness	122	2.5
Bankrupt	95	2.0
Disputed	87	1.8
Deaths	76	1.6
Failure to Properly Limit	74	1.5
Domestic Troubles	64	1.3
Charges Slipped Through Without Proper Authority	46	0.9
Accounts Opened With Insufficient Information	37	0.8
Fraudulent Buying	37	0.8
Crop Failures	25	0.5
Accounts Opened Despite Bad Record	18	0.4
Total	4,862	100.0

The efficient credit executive will diplomatically get complete information about his customers before placing their names on his books, such as names and addresses of friends and relatives, as well as information concerning banking and lodge affiliations. All of this information comes in handy when debtors move and leave no address.

Many plans have been suggested for the prevention as well as the location of skips. A preventive measure is embodied in the moving van ordinance, effective in certain cities, which compels transfer companies to file with the City Clerk a written report of any household goods moved from one location to another in the same city, and the report in question must be filed within 24 hours after the transfer of the property in question has been effected. Failure to file the report makes the transfer company subject to a fine.

Other methods which are effective for the location of skips are: (1) Filing with the credit bureau the name of the skip, which name is recorded on the master card and is so signaled that if a new inquiry is made on the party in question, the firm reporting such party as a skip will be promptly notified; (2) mailing a registered communication to the last known address of the skip and requesting from the Post Office Department a return receipt showing address where delivered, which, in many instances, will reflect the new address of the person sought. For this new address the Post Office Department charges a small fee. If a new address is not supplied, the Post Office Department will refund to the sender the "locating fee."

It is interesting to note that of the 15 reasons for charging accounts to Profit and Loss only four can be ascribed to the stores, and the remaining ten to customers. As applying to the stores, the following four reasons were noted: (1) Approval of accounts despite unfavorable credit records; (2) approval of accounts despite insufficient credit information; (3) failure to properly limit accounts at the time of approval; (4) careless authorization system permitting charges to "slip through."

The 11 reasons for charging accounts off to Profit and Loss that may be directly or indirectly ascribed to customers are: "Dead beats," skips, temporary financial difficulties, unemployed, sickness, bankrupt, disputed, deaths, domestic troubles, fraudulent buying and crop failure. It is not unreasonable to believe that in some instances accounts listed under one or the other eleven "customer reasons" should in reality be listed under one of the "store reasons." It is also quite possible that the term "dead beat" is a misnomer in that many accounts classified as dead beats would have never been in this class had it not been either for the ineffective collection department methods or for unwise liberality in credit terms prescribed by the merchants themselves.

Table 5 shows the number and percentage distribution of the accounts charged off to Profit and Loss according to the average income per month of each account or rather the average income per month according to occupations of

the accounts charged off. These data are also divided into Male, Female and Colored classifications.

Of the total male persons whose accounts were charged to Profit and Loss, 30.9 per cent received incomes ranging from \$30 to \$100 per month; 66.1 per cent received incomes ranging from \$101 to \$200 per month; and 3 per cent received salaries ranging from \$201 to \$450 per month. Of the total female persons whose accounts were charged to Profit and Loss, 56.5 per cent received incomes ranging from \$30 to \$75 per month; 40 per cent received incomes ranging from \$76 to \$125 per month; and 3.5 per cent received incomes ranging from \$126 to \$150 per month.

Of the persons represented in the negro group, 97.5 per cent received incomes ranging from \$30 to \$75 per month, and 2.6 per cent received incomes ranging from \$76 to \$100 per month.

Table 6 reflects the percentage distribution of the total number of accounts charged off to Profit and Loss according to occupational groups, ranked in descending order of percentages, and the percentage of accounts in each occupational group to the total number of active accounts.

The majority of the accounts charged off to Profit and Loss were in those occupational groups receiving the lowest average monthly incomes, namely, male clerks, tradesmen, and female clerks. These large percentages indicate that these classes of people are probably living beyond their capacity to pay or credit managers have been too lax in granting them credit. Of the total number of accounts charged off to Profit and Loss, 13.4 per cent were those of salesmen. Most credit managers agree that the majority of salesmen live beyond their capacity to pay and with the unsteady income from their occupation (as most salesmen work on a commission basis) the number of accounts of this classification charged off to Profit and Loss is expected to be large.

The percentage of accounts in each occupation group to total number of active accounts in this table is the result of an examination of 27,670 active accounts on the ledgers of 23 Texas department stores. It is not unreasonable to believe that these percentages would not

(Continued on page 28.)

Table 5 * Average Income of Customers Whose Accounts Were Charged to Profit and Loss

Average Income	Male		Female		Colored	
	Number of Cases	Per Cent of Total	Number of Cases	Per Cent of Total	Number of Cases	Per Cent of Total
From \$40 up to \$75	862	23.0	498	56.5	233	97.5
\$ 76-\$100	297	7.9	171	19.5	6	2.5
101- 125	1,122	30.0	181	20.5	---	---
126- 150	271	7.3	31	3.5	---	---
151- 200	1,076	28.8	---	---	---	---
201- 250	29	0.8	---	---	---	---
251- 350	42	1.1	---	---	---	---
351- 450	43	1.1	---	---	---	---
Total	3,742	100.0	881	100.0	239	100.0

This Bank's "Personal Loan" Plan Helps Liquidate Retail Accounts

(Continued from page 7.)

The various stores are kept in constant touch with the developments of these accounts through detailed monthly reports made by the bank, delivered to the credit manager of the store, and gone over carefully by representatives of both the bank and store in conference. These monthly reports show the name, loan number, date of loan, number of stores participating in loan, amount of loan, amount paid to date, and date of last payment.

No unusual effort is made by the bank to collect these store loans. The ordinary personal loan payment due notices are mailed, and the usual telephone follow-up calls are made. In every case, the stores have gladly cooperated in collection of overdue payments by either writing letters to the customer, or by sending out their own collectors. However, comparatively little trouble is encountered in these loans, for the customer usually feels his obligation to the bank even more strongly than to the store, and since a few minutes are devoted by the loan man, when the loan is made, in impressing upon the customer's mind the importance of keeping his credit standing good, the customer is started out right.

When an account becomes uncollectible, we write the store "calling the loan," and they send us a check for the unpaid balance of the loan, or for their proportion of same if more than one store is participating in the loan. The bank's remuneration is the interest on the loan, which is added to the face of the loan at the start. If no payment is made, we receive no interest. However, if at least one payment is made, we take out of it interest from the date of the loan to the date of "calling" the loan.

Our experience with this type of business has been highly satisfactory. The stores are benefited by the plan, and the individual appreciates this opportunity to settle his bills through small payments, and thereby retain his credit standing.

The report that is forwarded to stores monthly showing accounts liquidated through the bank is as follows:

THE JONES DEPARTMENT STORES

Report of Accounts Liquidated Through the Denver National Bank Personal Loan Plan

Loan No.	Stores Participating	Date of Loan	Amount of Loan	Name of Borrower	Amount Paid to Date	Date of Last Payment
89902	2	7-31-33	\$300.00	John Doe	\$107.50	9-25-33
89902	1	8-4-33	150.00	Richard Ree	25.00	9-20-33
89907	3	8-4-33	275.00	James Jones	50.00	9-23-33
90008	2	8-11-33	200.00	Fred Z. Johnson	35.00	9-30-33

A separate report lists those whose payments are past due, and contains the following information:

THE JONES DEPARTMENT STORES

Past Due Payments on Loans Liquidated Through Denver National Bank Personal Loan Plan

Loan Number	Name of Borrower	Number Payments Past Due	Amount Past Due
89893	J. J. Henry	1	\$25.00
89901	Richard Jacobs	2	20.00
89933	John Q. Hendry	2	80.00
89976	James Doe	1	30.00

Collection Letters

DO YOU write collection letters such as reach the "weasel skins" of your customers, or just write letters? If there ever was a time in history when study, thought, and diplomacy in writing a "collection letter" were needed, that time is RIGHT NOW!

"A lazy man is no better than a dead one, but he takes up more room." That also applies to credit men who make a practice of using stock form letters instead of using originality.

Form letters, of course, have their place, and particularly so for the first one or two. After that, if they do not bring in the pay roll medium, then is where the test of your ability as a collection letter writer comes in.

There are many books published, advertised in and recommended by The CREDIT WORLD that cover the subject of "collection letters" thoroughly, are well worth while, and time spent in their study is not time wasted.

It never would do to send the same letter to a minister that you would a coal heaver, or to an attorney that you would to a lumberjack, etc.

In dictating a collection letter, first keep in mind the line of work the receiver of same is in, and use the language that you think he understands. Then "talk" to him just as though he were standing before you and you were having a heart-to-heart talk. Don't "just dictate."

Don't lose your temper, don't "bawl him out." That makes him sore and when the bill is finally paid, he will never come back for more, and besides, may tell all his friends what a hard-boiled outfit you are.

Courtesy, particularly so in collection letters, pays.

A customer of the store does not enjoy being scolded, any more than you do, so, by all means, use diplomacy and thought, and you will "get the money" and keep his good will, and that's worth a lot.

If all reasonable means fail, then the next move is to turn the account over to the collection or legal department of your local credit rating bureau. They know how to get the coin, and when they collect, the debtor does not dare to "knock the store" as he knows he is in the wrong, and also knows that having it in their hands hurts his credit rating.—A. C. Pearsons, Secretary, French & Bassett Co., Duluth, Minn.

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Duluth Annual Meeting

The Annual Meeting of the Duluth Retail Credit Association, held at the Spaulding Hotel, was attended by 150 local members and a delegation of 15 from Superior, Wisconsin, and 2 from Brainerd, Minnesota.

President Coad suspended all routine business and "Santa Claus" (Swan G. Nelson) distributed gifts to those present. Entertainment and dancing followed. Secretary George Fairley reports it one of the best meetings of the Association.

Nebraska's Program for the New Year

By MAX MEYER

Manager, Nebraska Credit Company, Lincoln, Neb.

[An Address Before the Fifteenth Semi-annual Convention of the Associated Credit Bureaus and Credit Managers of Nebraska, North Platte, Neb., November 19-21, 1933]

THE topic, "Nebraska's Program for 1934," is plenty large. If no limit is taken, an endless discussion might be had of the possibilities just ahead for business, industry and agriculture in Nebraska. And no one, unless possibly a soothsayer or seer, would endeavor to predict what Nebraska's entire program for 1934 will be.

Much of whatever the coming year holds for our state must be accomplished in cooperation with other states and with the national government. Our welfare is to a very considerable extent bound up in national and international affairs and conditions. Nebraska cannot live in isolation, and the United States cannot resign from membership in the family of nations.

In order to present varied viewpoints, a number of Nebraskans were asked to suggest a program which might be followed in 1934. State officers, bankers, business and professional men and religious leaders were consulted. This paper constitutes a composite picture of their ideas.

In predominantly agricultural Nebraska, the farmer should in some way acquire greater purchasing power. In the final analysis all business is an exchange of services. The prices of the products of agriculture represent the pay the farmer receives for his labors, and if this pay is inadequate, as has been the case for the past twelve years, the entire economic system is thrown badly out of gear.

Besides securing for the farmer a fair exchange of his products for other goods, farm workers, whether owners or employees, should receive a rightful share of leisure through the use of machines. To accomplish these betterments, an adjustment of farm production must be made, not only as to need for the products of agriculture, but of working hours to total production and available workers. If this program seems radical, we should remember that we are living in a new order of things and that old conditions will never return.

As remedies are proposed, they should be carefully studied by each of us. A readjustment in prices of agricultural products giving the farmer adequate purchasing power will go very far toward restoring prosperity in Nebraska.

Mr. R. E. Campbell of Lincoln, prominent business and civic leader, when asked what was ahead for Nebraska retailers, replied:

"The retail distribution of merchandise is a complex operation which calls for courage, sound judgment, and an accurate appraisal of the consumer's needs.

"It requires courage to stand up under the ceaseless, merciless fire of competition. It requires courage to face an indignant consumer who thinks you are a robber because prices are going up.

"It requires courage to tell him that one trouble with us today is the fact that in chiseling for lower and ever lower prices we finally take the very bread out of the mouths of the workers who produce the merchandise. And finally, it requires courage to face the continued loss of capital through unprofitable operations.

"Is there then no ray of hope? I am convinced that there is. And this is where sound judgment and an accurate appraisal of the consumer's needs come into play. Proper selection of merchandise, keeping stocks complete, having what people want at a price they are willing to pay, will reduce losses to a minimum, and in many cases will produce a profit.

"I am no prophet, and what is in store for us in 1934 has not yet been revealed; but those of us who have learned the lessons of the past four years have an opportunity for community and state service that will utilize the very best that is in us."

Many of us remember the credit cycle following the panic of the nineties. A drastic curtailment of credits was gradually transformed into a huge wave of credit buying, finally expanding beyond all reason and culminating in the stock market crash of 1929. We are witnessing now the repetition of this cycle.

Manufacturers and wholesalers have refused to loan the retailer capital in the form of credit. With a lessened period of time in which to meet his obligations, the retailer is forced to require shorter terms from the consumer, and this is unquestionably sound business practice.

Furthering the movement to shorten terms, the National Retail Credit Association has drawn up a Retail Credit Code, providing for uniform terms in the community for both open and installment accounts. The Code is now being presented to the retail merchants of the country and its immediate adoption on a national

(Continued on page 14.)





THE PRESIDENT'S MESSAGE

ARTHUR P. LOVETT

President National Retail Credit Association

I WISH it were possible for me to shake every one of our National Officers and members by the hand and wish you all a happy and prosperous New Year personally, but since I can not do that, I will do the next best thing and use a page in our CREDIT WORLD to express my best wishes to you all.

Our National Association has come through, with flying colors, what I believe to be one of the worst depressions this country has ever known.

I knew that the men who had the interest of our National Association at heart would put their shoulders to the wheel and carry on.

There was never a time that our National Association needed your undivided support and loyalty more than it does at this time.

Every loyal member should give some of his or her time to build up our membership so that when we meet in our Convention at Memphis in June we will show at least a thousand, if not more, new members.

Kansas City, my home town, presented me with a New Year's gift of seventeen new members, with a check for \$85.00. There's a challenge for you. If every one of our Bureaus would try and beat Kansas City, it would give me great pleasure.

These fellows in Kansas City are feeling their oats. I would like for some city to knock their ears down.

We should start now forming an "On to Memphis Club" in every one of our 1,280 Bureaus. We want to show our Southern friends that we appreciate the splendid spirit in which they took their disappointment in 1933.

We, your National Officers, know that Memphis is preparing for you now and will give you, I believe, one of the best Conventions we have ever held. That they will have to extend themselves to do this we all know, but I know they can and will do so.

You credit executives, make your arrangements now. Do not pass up this Convention. We want

you. Many new ideas will no doubt come up at this Convention, so make your plans to attend, so that you can have a voice in any and all new plans presented.

I want to see our great Association go forward. Now is the time. New laws and new plans are daily being made in Washington by our beloved President. We must get in step with the times. Your National Officers are anxious for your suggestions for the betterment of our Association.

Let's put our shoulders to the wheel. Let's do some real constructive work and less talking. Let's have faith in our beloved President, Franklin Delano Roosevelt, and faith in the future of our great country. Let's all get behind him and help all we can to bring back prosperity and happiness to our people.

You credit executives are in an envious position. You can and will, I feel sure, do all in your power to bring this about by sound and sane credit granting and helping those unfortunates to regain their credit standing.

Let our battle cry be, "On to Memphis."

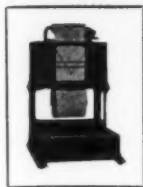
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Uniontown's Anniversary Meeting

The Uniontown (Pa.) Credit Bureau celebrated its seventh anniversary with a rousing meeting. A delegation of leading credit managers of Pittsburgh was present. A two-act play was staged by the bureau personnel, the first act entitled, "Call First—Charge Afterward"; and the second act, "Treat Your Credit as a Sacred Trust."

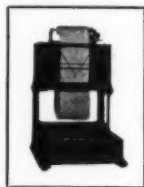
Over one hundred and fifty merchants and credit managers of Uniontown were present. E. H. Ward, Manager, in his report, showed the organization had prospered in spite of the depression and the bureau service had shown a steady increase. Only recently a group of twenty dentists signed for service. Floyd Getty, Clarence E. Moyer and Doctor E. D. Fast were elected directors.

THE BIG STORE



"First Aid" FOR Opening New Accounts

THE EMPORIUM



"The Relief Station"—The Credit Bureau

THE GIGANTIC
STORE



Almost 200
Great Stores
Have Adopted
This System

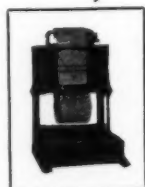


Each Line
Private

Each Message
Secret

All
Communication
Instantaneous

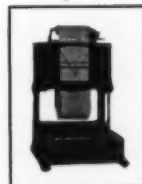
Gives the credit manager, without delay, handwritten information regarding credit applications, and permits him to devote his energy to interviews with others waiting for his credit granting. Lets him open accounts today with safety—increases today's sales.



THE SELECT STORE



THE GREAT STORE



THE HABERDASHERY

TELAUTOGRAPHS Cost
About \$1 Per Day (Each Store)

TELAUTOGRAPH

16 W. 61st St.



CORPORATION

New York City

Nebraska's Program for the New Year

(Continued from page 11.)

scale will provide an enormous factor for the betterment of business conditions.

Mr. M. Weil, veteran Lincoln banker, a conservative, deplores an unduly liberal credit system. He strikes an optimistic note, however, when he says:

"Business after all is just as we make it. If I can analyze or foretell what conditions will be, the next two or three years in Nebraska will be reasonably lean years, but we will be in better credit condition and on a more sound foundation than we have been for a long time. When business does get back to normal, prosperity can and will stay longer with us than it has in past periods.

"Merchandise well bought and promptly paid for will give the merchant a real interest in his business. He will have more confidence in his merchandise and if it is sold at a reasonable profit above overhead and other expense, he will have his business on a sound foundation, and be a safe merchant to do business with."

Professional men, doctors and dentists, are realizing the necessity of careful office management. All report reductions in income and slow collections. In 1934, doctors and dentists will prevent imposition by learning through credit bureau reports of the character and financial condition of patients, arranging terms of payment that patients can meet.

Rev. W. A. Tyler of Lincoln, well-known religious leader, believes that business must be transformed, first by substituting the motive of public service for that of private gain, second by replacing competition with co-operation, and third by requiring the just sharing of all in the products of labor, in order to meet the problem of employment for all in a large scale, machine-production age.

Dr. Tyler insists also that speculation has no place in modern business, industrial, and agricultural life, and suggests three methods for its abolition:

1. Stabilizing the medium of exchange.
2. Provisions for orderly marketing.
3. Scientific control of production.

"The above program," he concludes, "would mean that for the motto, 'Get all you can,' we should substitute 'Help all you can.' Instead of urging people to save all they can, we would recognize that our society is based upon a division of labor and exchange of goods and would rather advise them to spend all they can wisely.

"Instead of saying 'Give all you can,' we should look upon charity as a poor makeshift, valid only until a better order can be established and should adopt as our slogan, 'Give every person a chance to earn a decent living.'

"I may add in closing that your organization has a vital interest in such a program because it points the way out of hopeless indebtedness with its impairment of credit and injury to business. It would open the door to sound business conditions where every honest, industrious person could have a chance to establish and maintain a good credit rating."

Mr. Hugh A. Butler, well-known Omaha grain dealer, Governor of the 19th District of Rotary International,

constantly travelling through Nebraska, Iowa and South Dakota, makes the following notable contribution:

"'Nebraska's Program for 1934' is an interesting question you have for discussion at the Convention of Associated Credit Bureaus of Nebraska. You ask me to write you a brief message on this outline, and I take pleasure in doing so, for I know of no way in which we can spend our time right now to better advantage than in the study of the question you have under discussion.

"Credit is a form of confidence. Like all states of the Union, Nebraska has been floundering for several years through the sloughs of despondency and depression—a condition that indicates a loss of *Credit* and *Confidence*. Our Program should be one to reestablish Credit and Confidence. Get the wheels of trade and commerce going again! I think this task begins with the individual, not with government. Government may render aid temporarily but its efforts are of no avail unless sooner or later every individual cooperates.

"This is a time for arousing the individual citizen to realization of his citizenship duties. Every citizen must become a participating citizen—participating actively, not passively, in the affairs of government. To bring order out of chaos we must get every individual working for the government, rather than expect the government to do everything for the individual. We must learn to help ourselves—and learn not to run to government for aid and assistance in every trouble.

"When every citizen realizes that he must give the same earnest consideration to governmental problems as he gives to his own business affairs, the overhanging clouds of doubt and depression will soon roll away. Credit and confidence will be reestablished. We will see an improved Nebraska resulting from our experiences. Meetings like you are holding for your Association should be training schools in citizenship."

Nebraska's program for 1934 will be directly affected by what we do as individuals. As credit men and women we should strive understandingly and constantly to improve credit conditions.

As citizens we should study and think out our state and national problems. We should confer with our legislators and congressmen. We should take an active interest in governmental affairs to the end that we may soon provide opportunity and prosperity for all.

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Keep Your Association!

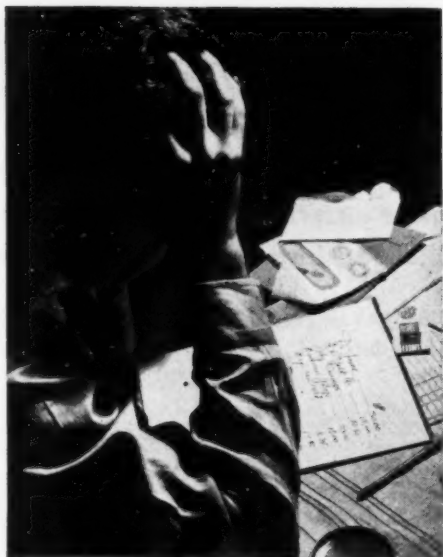
Benjamin Franklin is credited with this truism, "Keep your shop and your shop will keep you," and we rise to say that it is a real truth, and to add: "Keep your Association and it will keep you."

These are chaotic times, all divisions of business are in the same condition, but after all business *must go on*, and it will.

Problems are a little harder to meet and we will always have problems. It is our ability to meet problems in a way that spells success. We can't sit and "let George do it." It's our job and we need constructive help.

Every Association is set up solely with the idea of being a unit of strength to its members, a clearing house of ideas and a guardian of your credit assets. Its power is evidenced time after time throughout the year. It is a permanent working organization that needs and must have your support throughout the year.

—The Credit Bureau, Inc., Monte Vista, Colo.



Henry Miller is wondering how to divide *his first* PAY CHECK

OFFICES IN 96 CITIES

Illinois

Alton
Aurora
Bloomington
Champaign
Chicago
Cicero
Decatur
Freeport
Galesburg
Joliet
Moline
Oak Park
Peoria
Rockford
Springfield
Waukegan

Indiana

East Chicago
Evansville
Gary
Hammond
Indianapolis
Michigan City
South Bend

Iowa

Davenport
Des Moines

Maryland

Baltimore

Massachusetts

Boston
Springfield
Worcester

Michigan

Battle Creek
Detroit
Flint
Grand Rapids
Highland Park
Jackson
Kalamazoo
Lansing
Muskegon
Port Huron
Saginaw

Missouri

Kansas City
St. Joseph
St. Louis

New Jersey

Camden
Jersey City

Newark
Paterson
Trenton

New York

Albany
Binghamton
Brooklyn
Buffalo
Flushing
Fordham
Hempstead
Jamaica
New York
Niagara Falls
Rochester
Syracuse
Utica

Ohio

Canton
Cincinnati
Columbus

Pennsylvania

Allentown
Altoona
Chester
Easton
Erie
Johnstown
Lancaster
McKeesport
New Castle
Norristown
Philadelphia
Pittsburgh
Reading
Scranton
Wilkes-Barre
York

Rhode Island

Pawtucket
Providence

Wisconsin

Appleton
Beloit
Eau Claire
Fond du Lac
Green Bay
Kenosha
La Crosse
Madison
Milwaukee
Oshkosh
Racine
Sheboygan
Superior
Wausau

LUCKY FELLOW! He has a job—a pay envelope every week! Lucky Fellow? Henry is not so sure. He is glad to have a job but Henry can't see how to spread out his pay in a way to satisfy his creditors, buy food for the family, pay carfare and keep him going until next pay day.

Several million Henry Millers have gone back to work—most of them with this same perplexing problem. They can't solve it alone. But it is simple with the help which these families, as going concerns, have a right to command.

Many a Henry Miller and his family are being refinanced by a Household loan . . . enabling them to consolidate and pay their debts . . . helping them budget their income . . . re-establishing their self-respect . . . making better employees and citizens of them.

For many years, Household has devoted its abilities and experience to the task of supplying the consumer with needed cash to meet emergencies and opportunities . . . cash at the lowest possible cost consistent with sound business policy.

Business men know a retail price must cover operating costs plus a reasonable profit. No amount of efficiency can reduce the price of retail loans such as Household offers to the level of wholesale loans made by banks. However, when methods are devised which permit renting the use of money to families at rates lower than the $2\frac{1}{2}$ to $3\frac{1}{2}\%$ a month now charged on unpaid balances, Household will be found using such methods.

HOUSEHOLD FINANCE CORPORATION

Headquarters: Palmolive Building, Chicago, Illinois

MONEY MANAGEMENT FOR HOUSEHOLDS . . .



a helpful booklet in budgeting the family income, leading to the happiness of financial security, is offered without charge to your employees and customers. Mail or telephone their names to our nearest office.

"What Is This Year's Most Important Problem?"

"The Careful Selection of Risks and Systematic Follow-Up of Accounts"

The depression has presented to the credit manager many intricate problems for solution, but the fundamental principles of sound credit have not changed. Credit departments organized and operated efficiently have served the organizations of which they are a part throughout the depression with a not much greater loss in bad accounts or a very serious slowing up of turnover of accounts receivable, and, as it has been for many years the problem of greatest importance to the successful credit manager, the careful selection of risks and systematic follow up of the accounts when accepted will continue to be a most important problem throughout the year 1934.

Many people are being employed again as result of the various activities of the federal government, with perhaps some improvement in industrial lines generally, and the average store having suffered tremendously in decreased sales during the past several years is likely to bring a great deal of pressure on the credit department for increased sales at the expense of bad accounts. Selling on credit is profitable only when the account is collected, and the successful credit manager of 1934 will continue to select his risks carefully and follow his collections vigorously and systematically.

—C. D. HILL, *Asst. Secy-Treas.,
Pfeifer Bros.,
Little Rock, Ark.*

* * *

"To Work Together for Mutual Protection"

The most important problem for the credit manager is to safeguard the firm where accounts, new or old, are accepted; to see that none unworthy of credit is being taken on. In order to bring this to fruition, credit men and women should be more harmonious in their relations to each other during 1934, working together continuously the coming year, through their local credit bureaus or associations.

If we expect prompt turnover on accounts receivable, and credit business to be made more profitable, we must all work together—harmoniously.

Credit managers are between two millstones, "on the spot," so to speak. Pepping up of business calls for many decisions, about many new conditions of people whose financial standings have changed rapidly the past year. Many credit standings are showing marked improvement, and some shaky names have staged "come backs" amounting to total repairs.

It takes a wizard of a credit manager to separate the sheep from the goats. The problem of a Retail Credit Community Policy solved will be a potential benefit.

An account should be watched; the moment it starts to become slow is the proper time to check up, and double check, and the best source from which to gather information is your local bureau. Demand that your credit bureau give you facts in its reports as we must judge our applications, or opening of accounts on facts and not guesswork.

—MRS. VERNE A. ZIMMERMAN, *Credit Manager,
Ellsworth's,
South Bend, Ind.*

We asked this question of representative executives—replies showed two outstanding problems: "Changed-Status" Accounts and Speculative Accounts

"A Bright and 'Shiny' New Problem—"

We have had with us always—limits, overbuying and collections—but today we are confronted with a bright, shiny new problem.

Thousands of potential customers are now employed by the United States Government in carrying out emergency projects. Some of these persons have never been employed before, and many others have been unemployed for a long time—to most all of them this opportunity for work will be a godsend. There will be many, however, unable to stand prosperity. Having been so long deprived of some of the luxuries of life, the lure of easy credit will be more than they can withstand. Old obligations will be overlooked and neglected in many instances.

All applications for credit should be cleared through the local Credit Bureau. If accommodation is extended at all, it must be for a limited amount and the required terms fully explained to the customer. An endorsement or guarantee should be secured in most cases.

The account must be watched to prevent overbuying, and should a delinquent condition develop a rigid follow-up must be maintained. When an account cannot be arranged, the credit manager must assume the rôle of a super-salesman and sell the customer for cash or on a "Lay-Away" or "Will Call" plan.

By close cooperation with the local credit bureau, all old accounts of P. W. A. and C. W. A. workers can be pooled and paid off by prorating small payments.

—JOS. D. HENDERSON, *Credit Manager,
Mayer Israel & Co., Inc.,
New Orleans, La.*

* * *

"To Retain the Good Will That an Institution Has Built Up"

The most important problem is to retain the good will that an institution has built up during its existence.

Now, How to Retain That Good Will:

By showing courtesies to the slow payers and to establish absolute control in your Credit Office. To extend to your loyal patrons courtesies in line with the amount they can afford to pay, as experience has shown that we have been too liberal not in extending credit, *but too much credit.*

No institution should try to clear its books overnight by discontinuing thousands of accounts. Proof has been given us by the public that a big per cent of frozen accounts that an institution has will be paid by the public if given sufficient time.

Our Government has given us a lot of pointers under the NEW DEAL. It has increased reemployment for the hard-hit laboring class and they will not overlook past courteous treatment by the store but with their help the store owners will continue to build up more good will.

—S. WOOLFORT, *Credit Manager,
Stix, Baer and Fuller D. G. Co.,
St. Louis, Mo.*

Problem for Credit Managers"

ntative executives throughout the country. The
blem minds: Rehabilitation of Inactive and
Development of Community Credit Policies.

"The Same Problem That He Has Had Since 1931—"

It seems to me that the credit manager still has the same problem on his hands for 1934 that he has had since 1931, that is to try and open accounts only with people who have established credit standing, or who have had steady positions for the past three years, or other assets.

He should not lean too far backward in declining accounts and will have to use superfine judgment during these times and must remember that a credit manager is a salesman as well as a credit man. If we only opened accounts with people we are sure could and would pay, there would not be much need of credit departments.

In everything, there is a chance to be taken and the credit man who will not take any chances in these times is not a real asset to his firm.

If the proposed Retail Credit Policy goes into effect, it should make collections much better, but after all is said and done, a systematic check up of delinquent accounts will lessen the profit and loss volume.

—JOEL J. PINCUS, *Credit Manager,*
The Outlet Co.,
Providence, R. I.

"To Promote Better Credit Problems in Our Own Communities"

What a tremendous question to answer in a few words! In my own humble way, I shall try to give my personal opinion. It is my belief that more careful attention generally should be given to the details of the Credit Department, in keeping with the general trend of more painstaking methods in merchandising and stock taking.

To be a little more specific, when opening an account more attention should be given to the interview. That is, more detailed information should be obtained regarding the applicant. The obtaining of this information, of course, includes checking each account with the Bureau to find out the general reputation for paying. I believe it is agreed by all credit managers that an account properly opened is easier to collect, if collection becomes necessary.

A consistent follow-up of past due accounts should be insisted upon, and I think it is the opinion of all that accounts are due when the bills are rendered, and are past due any time after the tenth or fifteenth of the month following month of purchase.

Along with the general question as to what is becoming of profits, we should make more of a study as to when an account becomes unprofitable, and be able to talk about it and give a reason why. Our individual efforts should be given to promote better credit policies in our own communities.

—MISS MARY A. HUDDY, *Credit Manager,*
E. W. Edwards & Son,
Rochester, N. Y.

"Cooperate With Your Fellow Credit Men—Follow the Code—Refrain from Chiseling"

One of the principal problems of the credit manager will be to look carefully and conservatively toward the recovery of business beginning this year. In other words, to not become too enthusiastic nor allow credit to become too free.

Another thing the credit manager has to face is the habit a great number of people have acquired; that is, putting off paying their monthly accounts and spending their income for merchandise and other commodities.

In analyzing your losses for 1933, no doubt, you will find that these losses were caused by not consulting your credit bureau—and in the final analysis the most important problem is to overcome the tendency of taking a chance on a new credit customer and to consult the credit bureau 100 per cent on your accounts. If this policy is strictly adhered to, the most of the credit manager's problems will be solved.

—E. K. BARNES, *Vice-Pres.*
First National Trust & Savings Bank,
Spokane, Wash.

* * * *

"Get Rid of Detail—Before It Gets Rid of You!"

DETAIL is the big problem in front of most credit managers today. Get rid of it before it gets rid of you.

The constant hammering of the store owner for a reduction in expenses for the past two years has forced on the average credit manager a mass of detail work which has usurped his time and talent for that part of his job which is all important.

With the return of better times, the progressive credit manager must delegate such work to subordinates and use the brains and ingenuity he is supposed to have to develop new and better business.

The store owner is in a receptive mood today for any well laid plan that will improve his business and it's the credit manager's golden opportunity to map out his plans carefully, write them down, submit them to the Boss, get them approved, put them into operation and rise with the tide.

A Few Suggestions:

Check those accounts and see how many are inactive and find out their reasons and combat that reason with a sales appeal and a real warmth in those letters you send them asking them to use their accounts again. Remember, the customers whose reduced incomes made them slow a year ago may be out of the woods by now and ready to buy. (Thar's "Gold" in those inactive ledger sheets and it is up to you to mine it!)

Check the better residential sections and find out if Mrs. Jones isn't a good credit risk and if she is, don't be bashful, ask her to come right down and start trading with you. Don't be discouraged if she doesn't respond to the first letter—just give her another and then have your telephone operator take these new prospects each day and get them on the phone for you, then do your stuff!

Get out that old book of form letters that you and your assistants have been using for a decade, revise them—put

(Continued on page 20.)



Handling the Woman Credit Customer

By CLARA E. HANEY

Credit Manager, Herzberg's (Ladies' Ready-to-Wear)
Omaha, Neb.

HANDLING the woman credit customer or trying to handle the woman customer, I discern, is not greatly unlike that of dealing with the man customer. The average woman today has the sense and understanding of the average male and it is my opinion that women have become more "credit minded" than they were in former years.

I recall, when interviewing a lady applicant a number of years ago, it was very difficult to obtain the necessary information, but today the greater percentage of women come to the credit department willing to give proper references, having learned that a good credit rating is indeed a valuable asset. This may be sponsored by the fact that charge accounts have become more universal and as on other live topics of the day, women have gained a more thorough understanding on the subject.

I represent a woman's ready-to-wear establishment and am sincere when I say the average factory girls, elevator operators or housemaids have charge accounts and are able to furnish at least three references where they have been extended credit in some form or other.

A respectful regard for the store's customer should be the credit granter's first consideration. Every customer who enters the credit office I consider my guest, so to speak, and it is only common courtesy that due consideration be given her as to position, rights and conditions.

I am one of the fortunate credit granters with an office apart from the bookkeeping and general offices, and my desk is placed so that I can see the applicant as soon as the door is opened. This is a big advantage especially if she comes to the office unattended, and whether she is prosperous looking or not I greet her with the respect due a lady.

If a sales person or floor manager accompanies her to the credit department and proper introduction has been made I suggest that she be seated near my desk, as I find myself at a big disadvantage in trying to interview or arrange terms until this has been accomplished. This pertains particularly to the nervous or "high-strung" type, and it does not require an advanced study of psychology to make a mental note of this sort of individual.

During these times of stress we well know it takes grit and courage to maintain the position of a credit manager, but we, too, must be human enough to consider the fortitude and courage it takes for the average customer to approach the credit manager! If the applicant

is a timid or reticent type a few pleasant remarks and a gracious smile will break the awkward tension, and pave the way for the remainder of the interview.

If Miss Customer is in a great hurry or appears to be a "touch-me-not" sort of person I refrain from unnecessary conversation. One thing is imperative, however, and that is, I never omit the smile. I have found without exception that it works psychological wonders in the customer as well as myself.

I must admit that the male applicant has one strong point in his favor and that is, that he usually arranges for his charge account first and then proceeds to select his merchandise, but a woman invariably selects her purchase first and then comes to the credit office to arrange for the account.

In our establishment it is customary that all charges are signed by the purchaser. This eliminates fraudulent buying and is a big help to the authorizer and ledger clerk as to the correct spelling of the purchaser's name. It is the strongest evidence the credit manager has in proving his point in case a forgetful, untruthful or irate customer contests the sale. It is therefore necessary that a signature card be made and kept in a file accessible to the authorizer.

The applicant is requested to sign her name in full—if married, her husband's name by her own, as 95 per cent of our accounts are carried in the husband's name. This is a technical legal point in the state of Nebraska in case of divorce or forcing collection. Space is also provided on this signature card (which is about post-card size) for bank reference, three credit references, two personal references or names of two relatives with addresses, telephone number, whether real estate owner or not, vocation and term of service, also the firm name and business address.

Further space is provided for the credit bureau rating, limit and future ledger experience, and also an extra line in case the applicant wishes to arrange for another party to use the account or any other miscellaneous item necessary to complete the card. In case a large bill of goods is being purchased as, for instance, an expensive fur coat, and longer terms than the regular "monthly account" is requested, notation is made on the reverse side of the card showing amount of purchase and respective dates on which specific payments will be made.

Whenever a desirable account is opened I make it a point to use "suggestion selling." Through this medium thousands of dollars have been added to our sales annually. For instance, if our customer is purchasing a coat I suggest that a visit be made to our dress department, or that the purchase of a hat, purse, shoes, hose and gloves be made to complete the ensemble.

Our beauty salon is on the same floor as our credit department and often a knowing look is given the manager and she finds occasion to come to my office on some pretext or other which presents an opportunity for introduction before the applicant leaves the floor.

After a favorable report has been received from the credit bureau on a lady who has recently moved to our city I often take the time to present her to our various department managers or buyers who in turn personally conduct her to other departments for further introduction. This little courtesy is very much appreciated and adds materially to our number of sales.

One of my most difficult problems is that of the young co-ed whose home is in another city and who is attending one of our schools, and insists on opening a charge account. However, in this case a letter is sent to her parents asking for references and permission to open the account in *their* name.

I am reminded of a little story which conforms with this problem. A college girl had just received her examination papers and learned that she had failed in all five subjects. She immediately wired her brother the following: "Failed in all five—prepare Papa!" In a short while she received this answer: "Papa prepared—prepare yourself." I too believe in "preparing papa" and consequently preparing myself.

Mail orders from new customers are held until proper credit information has been reported from the credit bureau, and when information has to be secured by letter which results in delay in filling the order, a courteous letter is written making this explanation to the customer and enclosing a signature card with self-addressed stamped envelope.

The customer is requested to fill in the card in her own handwriting, giving the proper references for the credit bureau to investigate. When it is necessary to reject an account, it is done with all the diplomacy possible, either verbally, by telephone or letter, whichever is considered the better policy, thereby retaining the customer for cash or "will call" sales.

In collecting a woman's account I use almost the same method I do in collecting a man's account, and why not? After all, there is no reason why the delinquent woman's account should be handled on a different basis than that of the man customer.

Statements, telephone calls, letters and telegrams are all good mediums for collection as well as the personal call. A series of three letters is usually sent from our credit office on all accounts on which no payment has been

made and the account has lapsed for sixty days since date of purchase. If no response is had within a week the account is forwarded to our credit bureau which also writes a series of three effective delinquent letters at periods of about ten days' interval and if no favorable response has reached the credit office by this time, the account is automatically given to the collection department, which is operated under the supervision of the credit bureau, for collection in any way they see fit.

No fast rule can be adhered to in the methods of collection and exceptions are many, as each case is individual and much depends on the value and circumstance of the customer involved.

In all cases I find that three essentials are necessary in my credit department, namely, courtesy, consideration and tact—and the greatest of these is tact.

People Observe Emblems

*Wear Yours—It Carries
a Credit Message*

LAPEL BUTTON OR PIN



Solid Gold, button for
men, pin for women,
\$2.00

It "places" you—in the customer's eyes—and puts the moral support of this national organization behind you.

It "places" you—in the eyes of the other credit grantors—as an active worker for Better Credits.

WATCH CHARM



Solid Gold with ring
for attaching,
\$6.00

The National Office is also prepared to furnish—on special order—loving cups, plaques and other tokens bearing the National emblem, for special gift occasions.

EMBLEM RINGS



Solid Gold, shield
style, plain,
\$9.00



Solid Gold, signet
style, plain or
hammered,
\$9.00

Order from
**National Retail Credit
Association**

1218 Olive St.

St. Louis, Mo.

"What Is This Year's Most Important Problem—?"

(Continued from page 17.)

some pep and ginger and a real appeal into them, then have your assistants go through those suspense accounts because a lot of those "birds" have gone to work and real gold can be dug out of those musty old accounts.

Last, but not least, see that current accounts are followed closely and payments made promptly, because there is nothing more inviting to any customers than to know that their accounts are paid and their charges are welcomed.

Friends of the Credit Fraternity, it's an opportunity of a lifetime. Let's go to it!

—PAUL C. VAUGHAN, *Vice-President, Loveman, Joseph & Loeb, Birmingham, Ala.*

* * *

"To Secure and Maintain the Cooperation of Other Credit Granters"

After careful consideration I am inclined to believe that the problem of paramount importance confronting the retail credit executive today is no different from what it has always been, viz.: to secure and maintain the cooperation of other credit granters in his community in strict adherence to a sound credit and collection policy.

I am assuming that the credit executive is in sympathy with such a policy and that he enjoys the moral support of the organization which he represents.

Education and cooperation were recognized as the essentials of a sound credit structure when the NATIONAL RETAIL CREDIT ASSOCIATION was organized and they are today the factors requisite to the adoption of a Community Credit Policy—the solution of the most important problem of the credit manager in 1934.

H. VICTOR WRIGHT
Glendale, Calif.

* * *

"To Get the Money Represented by Dead Accounts—And Reinstate Those Accounts"

Most of us realize we sent many accounts to that great cemetery—the P. & L.—during the past two or three years.

To get the money represented by these dead accounts and have the names reinstated on our ledgers is, in our judgment, one of the immediate and pressing tasks.

In cooperation with our Credit Bureau we have contacted these names, first with the thought of getting the account settled and out of the way, and second, retaining the good will of the old customer—our best asset.

Our first move is to get the delinquent in the office. Then one of our contact men tries to plan a method of getting the account settled by suggesting weekly or monthly payments.

The personal interview has proved a real factor in rejuvenating an ancient and sadly inactive account.

When a night club hostess dug up that old song of the Southwest, she little thought the nation would be singing so plaintive an admonition as "get along little dogie get along."

More often than otherwise a dead account like a dead song can be brought back to life, and it's "the last round-up" that counts.

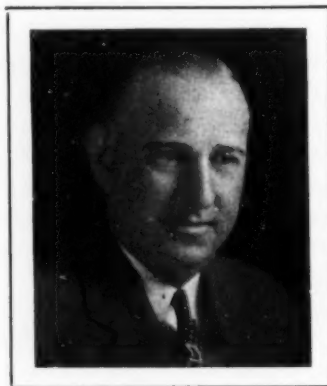
The credit man who can get his P. & L. ledgers in such shape that the head of the house may look at them at the end of 1934 without sighing, will have accomplished something if he has not indeed, solved one of the year's most perplexing problems.

—H. E. WILSON, *Credit Manager, Gimbel Brothers, Pittsburgh, Pa.*

* * *

"To Guard Against the Overenthusiasm of Credit Seekers—from the Outside—and High-Pressure Salesmen—from the Inside"

The most important problem of the credit manager in 1934 as I see it, is to guard against the overenthusiasm of credit seekers and salesmen.



William E. Glass

Millions of people have been out of work, but now most of them have secured positions—they need all kinds of merchandise—and they are seeking credit since they are now working steady. They are overenthused about the future and of course, we cannot tell how long their employment will last. So the credit man must be careful that he does not extend credit to these overenthusiastic customers.

The high-pressure salesmen in most retail stores today are overselling customers. We know the customer needs merchandise but the credit manager must see that they are not oversold and that their accounts are held within bounds so that they will be paid promptly.

Business is recovering and prosperity may be here shortly, but the credit manager must not be overenthusiastic in regard to this point in extending credit.

—WILLIAM E. GLASS, *Credit Manager and Controller, Cottrell Clothing Company.*

* * *

"To Sell Himself and His Department to the Store Management and the Public"

It is my firm belief that the "Most Important Problem of the Credit Manager in 1934" is to sell himself and his department to the store management and to the public which the store serves or should serve.

The first step in such a sale would be to raise one's own estimation of himself—not for publication but for deeds to be accomplished. By considerable introspection and retrospection, the credit manager of 1933 should ascertain whether he was slovenly in dress, etiquette, speech,

or in work, and if so, he should immediately throw off the cloak of slovenly habits.

He should compel himself to be the master of every situation and not give way to mental frenzy merely because his associates or his customers deviate from mental equilibrium. He should be prepared to blaze a path through the haze of all misunderstandings with smiles and wiles.

He should remember that next to his general manager, he is the most important cog in his organization. He should be cognizant of the fact that any intelligent person can become a buyer of merchandise, a trainer of sales people, or a propounder of merchandise merits within a two-year period of intensive training and study—but no intelligent person can learn, within the same length of time, all the little intricacies of human nature, the abilities which make one customer unsuccessful and another customer successful, the law which is needed to protect his store's interest, the nationalities that pay well and those that do not, the corners which are good for business and the corners which are not good, the little infinitesimal clues dropped by those in the act of defrauding, the numerous ruses used in locating and collecting from debtors, the various systems which can be used in operating an office along with the merits and expense of operating each system, and the ability to continue calm in a storm and not too self-satisfied in placid times—all of which are necessary adjuncts to the credit man's repertoire of knowledge.

The greatest problem for the coming year lies within the credit manager—himself or herself.

—R. O. CASEMORE, *Credit Manager,*
Klines,
Kansas City, Mo.

"Not to Forget the Lessons of the Past Five Years"

With the decided improvement in sales-volume, and on account of increasing collection percentages, there may be a tendency, on the part of credit managers, to forget the lessons taught during the past five years.

Never again can the credit fraternity afford to belittle or ignore those important principles of credit extension learned during the last decade. Never again can the retail credit manager permit his employer to lose such high percentages in Profit and Loss accounts as were lost in the past few years; nor to suffer from the slow turnover in accounts receivable.

It is to be hoped that the institution of Community Retail Credit Policies will, to a large extent, stabilize credit and collection procedure. At the same time, we cannot permit ourselves to be lax in the most wise extension of credit and the strictest follow-up, to prevent frozen accounts and unsecured obligations pyramided over a period of many months.

The institution of service charges on accounts in arrears, may have a tendency to create customer sales-resistance; but profits are not made on large volume, if unsound business principles are ignored in building that volume.

Our President has included in many codes, the principle that discrimination in credit extension is not only unwise, but unprincipled. It will be necessary, therefore, to eliminate the so-called "Pet Customer" and to handle all accounts on an equitable basis.

During 1934, credit managers, who extend credit wisely and effect proper collections, must cooperate to the fullest extent with one another; realizing that more than ever before, interchange of information will reduce bankruptcies, lost accounts and unprofitable credits.

—LEO M. KARPELES, *Credit Manager,*
Burger-Phillips Co.,
Birmingham, Ala.

"To Watch Conditions in His Own Particular Locality"

The most important problem of the credit man for 1934, to my way of thinking, is that it is the duty of every credit man to watch his particular locality for an improvement of conditions. When an improvement is noticed, the credit man should impress on the customers whose accounts are not in a satisfactory condition that they should endeavor to provide for their old obligations before they make new obligations.

This may hinder volume, which we are all desirous of securing. On the other hand, it will only be a temporary situation, and once the obligations are paid, the credit manager can then extend credit to the individual.

Despite possible increased earnings of some customers, it is wise that limits on all accounts be extended with caution, if at all. A recheck should be secured before extending credit to any account that has been inactive over six months and desires to renew charging.

It is wise that all credit men, of course, watch their accounts closely, and the best plan I see is the aging of accounts monthly. You then have a true picture of every account at a glance, and it should be the duty of the credit man to endeavor to get the account that is now slow on a firmer basis, and at the same time not permit those who are paying to become overbought and slow in meeting their obligations.

Every community should adopt a community credit policy. It should be remembered that the evidence of true friendship on the part of the credit manager toward the customer is in helping the customer stay within his ability to pay, and all accounts should, therefore, be held strictly to the terms that have been agreed upon by that particular locality.



Louis Selig

I believe that if all credit men would follow this outline, we could wind up 1934 in a much more satisfactory way than we have the previous year.

—LOUIS SELIG, *Credit Manager,*
Rosenfield Dry Goods Co.,
Baton Rouge, La.

(Continued on page 32.)



WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

FOREWORD

CONGRESS will be in session when *The CREDIT WORLD* makes its 1934 debut and naturally there is a thought uppermost in the mind of every business man: What of Washington? Several factors should make for a more harmonious session, as regards results, than was probable six months ago. With business on the up grade, legislators will hesitate about rocking the boat and that fact, plus the feeling that the recovery legislation of last spring should at least be given a real try-out before being tinkered with or repealed, lessens the possibility of action of a definitely radical nature.

There will be talk—plenty of it—and some matters of importance will be taken up and enacted but if proposed legislation seriously threatens the “up grade” it just won’t get through—that’s all.

Legislative

The Railroad Problem

When Congress convenes, the railroad problem will be brought up for consideration through the medium of a series of reports from Federal Coordinator Eastman, the first of which is expected to be available early in January. Mr. Eastman has had before him a number of questions for study and report. They may be summarized as follows:

(1) Regulation of transportation agencies other than railroads; (2) Relaxation of rail regulations; (3) Coordination of transportation facilities, including transportation agency subsidies, direct and indirect; (4) Relative labor conditions; and (5) Operating costs.

The general drift seems to be in the direction of permitting railroads to offer to the public coordinated transportation facilities of all kinds and classes. The attack on the store door L. C. L. pick-up service recently inaugurated by eastern lines will have reached the point of a public hearing when this bulletin appears in press; the I. C. C. schedule calling for a hearing in the matter of the *New York Dock Railroad v. Erie Railway*, on January 6, the Commission case instituted before the I. C. C.

Consolidation of Wire Facilities Under Consideration

The movement for consolidation of wire facilities parallels in many respects transportation by land but is only just beginning to come to the public attention. It

should be of distinct interest to service bureaus who use telegraph transmitters, who, if the legislation goes through, will be able to limit the needs to one in place of the two or three that they now use.

It will be remembered that at the last session a bill permitting wire merger passed one House but not the other. The opposition, however, it is understood, was not based so much on prohibiting such a merger as upon safeguards to protect the public. Some of those safeguards have now been worked out and legislation along the line of Federal Communication Commission is expected to be enacted at this session.

Committee Investigating Bankruptcy Proceedings to Report Soon

C. S. Res. 78, 73rd Cong., 1st Session, submitted by Senator McAdoo, organized a special committee of the Senate consisting of Senators Henry Fountain Ashurst, of Ariz., Chairman; William G. McAdoo, Calif., Vice-Chairman; Frederick Van Nuys, Ind.; Felix Hebert, R. I., and Warren R. Austin, Vt., to investigate receivership and bankruptcy proceedings and appointment of receivers and trustees. The investigation was started in California and the committee will report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.

Departmental

Foreign Trade Extension

The October issue of this bulletin contained a paragraph on tariff problems, the thought being that in the last analysis the economic salvation of America lies in extending her foreign trade. Since that article was written much regarding tariff problems, such as import quotas, renewal of official relations with Russia, and a suggested General Export Corporation, have come before the public eye. At the present moment, the Department of State, U. S. Tariff Commission, Foreign Commerce Division of the Department of Commerce, A. A. A. and NRA, all function as to exports.

There seems to be the feeling that the proposed General Export Corporation will take over many of the functions of these arms of the government and in addition coordinate private efforts to a considerable extent. The plan proposed not only would take care of the settlement plan for exports and imports outlined in the October article but also tariff bargaining and tariff promotion.

Exports for November Up 33½ Per Cent

Export figures for November, 1933, indicate a 33½ per cent increase over November, 1932, while imports for the same period are up 23 per cent. Merchandise exports for November, 1933, total \$56,000,000, the largest amount since January, 1931, but some allowance must be made for the depreciated dollar. However, at that, it is a fact that a number of industries, as for instance automobiles and trucks, are exporting in much larger volume than for several years.

More About Guaranteed Bank Deposits

With the first of this month nearly every bank in the United States, national as well as state chartered, became members of the Federal Deposit Insurance Corporation under which deposits up to \$2,500.00 are guaranteed for the first six months of this year. There have been strong and insistent demands since this legislation went on the statute books that it be radically revised or altogether repealed.

The latter at least does not seem to be on the cards since it is a Washington experience, based on past happenings, that legislation of great importance, such as this, be given a try-out before being repealed or radically changed. Some of the provisions of the act are strongly objected to and those objections may be reflected in amendatory bills but beyond some possible legislation clarifying the assessment sections, the Glass-Steagall banking bill is not apt to be materially changed at this session.

Government to Sell Electrical Appliances in Tennessee Valley Territory

Through the organization under a Delaware charter of the Electric Home and Farm Authority, Inc., a subsidiary of Tennessee Valley Authority, Uncle Sam is going into the sale and distribution of electric equipment and appliances in the seven Tennessee Valley states.

The corporation has a capital stock of one million dollars and its directors are the three directors of Tennessee Valley Authority. According to public announcement the program does not contemplate displacing sales by regular dealers of such equipment but even at that its size well warrants attention of service bureau managers in the area.

Credit up to ten million dollars for financing such consumer purchases is to be extended by the R. F. C. The corporation is also expected to give some attention to the question of lower electric rates to the end that householders and farmers may become electricity users on a large scale.

Court Decisions

Supreme Court Defines "False Statement" Clause

Section 14 of the Bankruptcy Act relating to discharges, among other causes, permits a denial of discharge if the bankrupt "obtained money or property on credit * * * by making * * * a materially false statement in writing respecting his financial condition."

The Supreme Court of the United States, in the recent case of *Fidelity and Deposit Co. v. Arenz*, has decided that the word "property," as used in this section, includes a statement used as the basis for obtaining a surety bond. In this connection the court said:

"Property" is a word of very broad meaning and when used without qualification, expressly made or plainly implied, it reasonably may be construed to include obligations, rights and other intangibles as well as physical things. * * * While clause (3) seems aimed particularly at false pretenses made by borrowers and purchasers to obtain money or goods on credit (*Firestone v. Harvey* (C. C. A. 6th) 174 Fed. 574, 577, 23 Am. Bankr. Rep. 468) it is not limited to such transactions.

Rights of Bank Depositors

Perplexing problems of the past year arising out of deposit of checks for collection upon banks which failed before payment may not be as many during 1934. However, it is just as well to understand clearly the rights of depositors, especially in connection with set-offs of cross demands. In the recent case of *Daken, Receiver, etc. v. Bayly, Liquidator, etc.*, the Supreme Court has affirmed a principle which can be implied to many such cases. The court, in its opinion, asked a question and then answered it; the question and answer being as follows:

Were the cross demands of the parties of the same quality, or, to state it otherwise, did each claim from the other in the same right? In the ordinary case the unrestricted endorsement and deposit of checks with the Clearwater bank would create the relation of debtor and creditor and the bank would collect the items not as agent for the depositor, but as owner.

» » »

Cassmeyer Heads St. Louis Credit Men

W. G. Cassmeyer, Credit Manager of the Merchants Ice and Coal Company, was elected president of the Associated Retail Credit Men of St. Louis, at the annual meeting December 14. Mr. Cassmeyer has been a member for many years, an enthusiastic worker in local and national credit affairs.

Ray Behrens of the Industrial Loan Company, the retiring president, was presented with a handsome wrist watch and elected to the Board of Directors. Following the business program an elaborate Christmas party was held. Lawrence McDaniel, as Santa Claus, supervised the drawing of fifty prizes donated by merchants.

An Opportunity

I know of an unusual opportunity to purchase a Collection and Adjustment business in a southern state at about \$3,000.00 for the business and good will. Anyone interested will be placed in touch with owner by writing D. J. Woodlock, Manager-Treasurer, National Retail Credit Association, St. Louis, Missouri.



The CREDIT CLINIC

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience ...

THE "Credit Clinic" was crowded out of the December issue, which resulted in numerous letters of protest from members. Readers may feel assured that there is no intention of discontinuing this popular feature! Below we publish the answers received to the question in the November issue: *"What is the turnover in charge accounts, that is, the percentage of accounts lost and new accounts gained during the year?"*

We keep a record each month of the number of statements headed up by our addressograph for mailing of monthly statements. The number of statements headed up January 1, 1933, and the number of statements we estimate we will head up for January 1, 1934, is about the same.

This would mean that we had just about held our own in the number of active accounts during the year, that is, new accounts opened during the year have about offset accounts that have been closed out for various reasons and have become inactive.

(Note: We opened 2,000 new accounts during the year 1933, which is approximately 13 per cent of the statements headed up January 1, 1933.)

—Department Store (Washington State).

* * * *

We have approximately eighteen to twenty thousand accounts; we mail out approximately thirteen to fourteen thousand statements each month, varying somewhat according to the season of the year. This shows about 66⅔ per cent of the accounts are active each month. The inactive accounts are followed up with a variety of letters urging them to use their accounts ninety days after the account becomes inactive; sometimes we use the telephone after writing them. There is a constant stream of letters going out inviting all newcomers to the city who, after careful investigation, we find to be good credit risks.

Now, here are the figures on the accounts opened: We had 3,900 reports from the Credit Association from January 1 through December 21. Nine hundred of them were declined leaving a balance of 3,000, of which 750 were rechecks, leaving a total number of new accounts added to our books during the past year of 2,250. Since we are mailing out, at this time, approximately the same number of statements we mailed out a year ago and also two years ago, it seems that under these strenuous times we have at least held our own which, we feel, is gratifying in view of the fact that our city has less population today than it did two years ago.

—Department Store (Ala.).

It would be extremely difficult under conditions such as have existed in the past few years, to give an answer which would properly reflect the turnover on charge accounts. Thousands of accounts are inactive today, because of reduced incomes, unemployment etc. Replies to inactive letters prove this, and we know it from personal contact.

The average charge customer who has experienced financial difficulties has not used the account because he knew he could not pay, and "Glory be" for the principle thus demonstrated by charge customers.

Stores have not necessarily lost these accounts. They will become active again just as soon as they can see their way clear. I am confident of that and see evidences of it every day. Many a time I have personally inquired why a customer was not using her account, and she has frankly told me, "Well, my husband is unemployed or partly employed and I thought it would be best not to charge anything for the present."

For your further information I made a survey of approximately 3,500 accounts, taking ten ledgers, and the per cent of accounts opened in the past twelve months in those ledgers was slightly over 10 per cent.

—Department Store (Wis.).

* * * *

On January 31, 1933, 4,137 accounts showed balances. On January 31, 1932, 4,628 accounts showed balances. On January 31, 1931, 5,375 accounts showed balances. These figures, of course, were compiled after the charge-off. During 1932, we accepted 1,045 new accounts; during 1931, 1,500; during 1930, 1,851. Now, how many of these new accounts showed balances on the particular date of the count we do not know, but we would estimate that possibly 15 per cent of the accounts opened during the year had a balance on January 31.

We are for the most part a men's store, carrying only a few ladies' items, and, as you know, an account that shows a purchase once a year in this line is considered active. It is not unusual every day for us to reopen inactive accounts that are two, three, four and, occasionally, as long as six and eight years inactive.

It appears to me from the standpoint of the size of our ledgers that while we have been going through a depression during the last several years which accounts for the smaller number of outstanding accounts during the three-year period I have quoted, we have sold during the year as many different individuals as we did during the boom period. Our active ledgers which contain all ledger sheets on which purchases have been made during a twelve-month period carry approximately fifteen thousand accounts.

—Clothing Store (Texas).

I must agree with the statistical organizations that around 20 per cent of active accounts become inactive each year for most stores for varying reasons—moving, leaving the city, store closing of accounts, deaths, etc., and for that reason it is up to the store to attract 20 per cent or more in new accounts each year.

Of course, that ratio of 20 per cent would not continue through a period of five years if no new accounts would be added, but there is that element of transient accounts that are not stable. The average store in a period of 7½ to 8 years would be without accounts if new accounts were not attracted to the store by its service, merchandise or solicitation.

Of course, accounts that become inactive can be rejuvenated, but my experience is that it is easier and more profitable to keep customers from becoming inactive than it is to influence those who have drifted away to come back, and I know of stores that have reduced the rate of inactivity by half by keeping present customers from becoming inactive.

—Clothing Store (Minn.).

* * * *

The last four months of the year show a large number of accounts refused and refused to reopen; this, I believe, is due to the fact that a great many people just starting to work are endeavoring to open accounts and are unable to furnish satisfactory reference.

At the present time we have approximately 27,000 open accounts on our books. These figures are for twelve months ending December 30, 1933:

New	Reopened	Refused	Refused to Reopen	Closed	Refused Further Credit
2,150	2,846	536	265	2,366	40

According to the way we figure, this is about 8 per cent new accounts and 10½ per cent reopened accounts, which, of course, shows that we are keeping our customers. The question might arise: Are we obtaining enough new accounts?

—Clothing Store (Neb.).

* * * *

We show below a five-year summary of our new accounts opened for the years 1928 to 1933, inclusive.

We believe from our experience about only 15 per cent of the total active accounts on retailers' books are new ones opened during the year. We believe we lose about 10 per cent of our accounts each year for different reasons.

—Department Store (Kansas).

In accordance with your request, we are quoting the following figures:

Number of accounts on our books at December 1, 1933—32,590.

Number of accounts opened from December 1, 1932, to December 1, 1933—3,378.

Number of accounts closed during the above period—2,050.

—Department Store (New Jersey).

* * * *

Our experience of the last two years would not be a very accurate guide to this information. It happens, however, that several years ago, in connection with the introduction of a permanent credit record of all of our accounts, I made a very careful analysis of this question. Although I do not have the figures at hand at this time, I know that the results indicated that our average account is on our books for six years.

This would mean a turnover of 16⅔ per cent each year, during normal times. During the last few years this has undoubtedly increased to 20 per cent or more. It will be interesting to you to know that our permanent credit record is a six-year record, bearing out the result of our analysis.

I do not consider the figure of 16⅔ per cent to be any reflection on our ability to hold accounts. The normal number of marriages, deaths, people leaving the city and accounts becoming seriously delinquent and those becoming inactive for other miscellaneous reasons is sufficient to justify the turnover of our accounts. We are very careful during normal times to contact all customers who have stopped trading with us and although they do not always reply, we do get a sufficient number of replies to form an accurate idea of the reasons accounts become inactive.

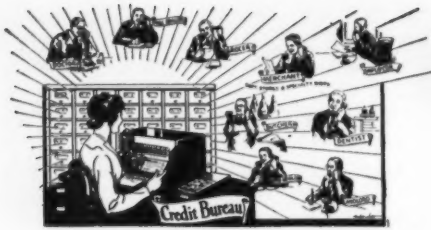
There are a certain number of customers who are careless or forgetful in their business methods and others a bit unreasonable in their expectations who will drift from one store to another, because of magnified infractions of service, usually the result of their own carelessness. This class usually make the rounds and sooner or later will drift back again, but will not attach themselves permanently to any store.

On the other hand, we have many, many accounts that we have held for twenty, thirty and forty years which have never given us the slightest trouble and rarely have a complaint. This includes the reasonable, intelligent and careful buyers who get what they require, but who are, nevertheless, particular and reasonable in their requirements.

—Department Store (Mich.).

Five-Year Summary of Kansas Department Store

Year	New Open Accounts	% to Total Accts. Opened	New Contract Accounts	% to Total Accts. Opened	% of Turn Down to Total
1928	2,246	80 %	551	20 %	8.6%
1929	2,144	81.4	492	18.6	10.4
1930	1,794	78	507	22	9.6
1931	1,798	74.3	625	25.7	8.9
1932	1,373	62.8	817	37.2	8.2
1933	1,538	63.3	895	36.7	5.6
Grand Total	10,893	73.7	3,887	26.3	8.6
General Average	1,815		648		8.6



Bright Bits from Bureau Bulletins

Pertinent Paragraphs Taken from the Hundreds of Weekly
Bulletins Published by Our Affiliated Credit Bureaus

Somebody Pays for Everything

When one lives beyond his earning ability somebody will eventually pay for his luxuries. It may be the grocer who fed him, it may be the merchant who clothed him, or the auto dealer who gave him free rides, or the filling station who kept his tank filled, or the tailor who kept his clothes cleaned and pressed.

Somebody Pays! The more information, both good and bad, that you list with your credit bureau, the less likely you are to help pay for some of the things you did not enjoy. By protecting your fellow-merchants through your credit bureau, you are protecting yourself.

—*Business Men's Credit Bureau, Ottawa, Kansas.*

» » »

Wise-Crack of the Month

Some want the slogan of the Blue Eagle to read this way:

We're due our part.

—*Retail Credit Assn., Kansas City, Mo.*

» » »

Credit Is Still "at Par"!

Did you ever stop to realize that controlled retail credit was about the only business prop that did not break down in the last year? Seasons come and go, prosperities and depressions come and go, banks prosper and banks fail. Even national treasuries drain out, but through it all credit holds up the wrecks and enables business to flow along, more stable by far than the fluctuating currency it represents, because it is based principally on the integral character of the individual and not on definitely coined metals that can become worthless overnight.

—*Northern Berkshire Credit Bureau, North Adams, Mass.*

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Do You Always Take and Never Give?

It is essential to keep the credit bureau records up to date.

You have a duty to perform to your association which is just as great as your association's duty to you.

Make up a list of your customers indicating their paying habits, so when you want information we will be in a position to get it for you in the shortest time possible.

Are you cooperating with the other members in using all the services rendered by the Association? Are you clearing all your applications for credit, reporting new accounts when opened, repossessions of merchandise, insufficient fund and no account checks, and all other information that should be of record in the Association files?

—*Clay County Credit Assn., Clay Center, Kansas.*

Don't Impose on a Customer By Overselling Him

After three years of pain and problems, the American mind turns outward. Not since the days of the Declaration, the Revolution and the Constitution have our thoughts been so filled with consideration for the welfare of fellow-citizens.

Our minds were singled in selfishness on the mad scramble for fame and fortune. Consider this now. Your fellow-man cannot be happy when beset by debt. He cannot retain his self-respect when over-obligated.

You business men are more intelligent than Mr. Average man; therefore, it is plainly your duty to grant credit with greatest care, lest you spread worry and unhappiness among the people through permitting them to assume debt beyond their ability to perform.

—*The Credit Bureau of Dayton (Ohio), Inc.*

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Inactive Accounts Buying Heavily

So many cases of inactive accounts coming to life and heavy purchases being made by individuals who are "loading up" have come to our attention recently that we must warn our members to watch out.

Several of the individuals who had not bought for a year or so had fair and slow records. Most of the stores secured new reports before delivering merchandise. Some did not and as a result the customers bought heavily from them and the revised credit records show that the possibilities of collecting the accounts are very remote.

Many inactive accounts are coming to life again. Most of the customers are good risks. But there is a large percentage of customers who have neither the willingness nor the ability to pay. This makes it necessary that every member secure at least a Trade Clearance on every inactive account which becomes active, or on accounts which have been active but where the customer suddenly orders a large amount of merchandise.

When the Bureau receives a number of inquiries on the same individual within a period of a few days or a week, we notify each inquirer of the situation and usually the Bureau gives the case to a special investigator who determines whether the customer is "loading up." In many cases lately we have found that the customer was deliberately buying heavily without the means or intention of paying. To uncover these individuals we are guided entirely by the requests made for reports so if you are revising your records you benefit greatly. If you are passing credits on old information without calling the Bureau, your losses will be many times greater than the cost of the credit reports you saved.

—*Credit Bureau of Greater New York, Inc.*

What About the Customers on Your Books?

Many merchants and business firms obtain a report on each customer, when they open an account, but fail ever after to recheck their customers.

Why shouldn't a customer be rechecked at intervals to guide you as to whether he becomes involved at several other places? Many customers pay for a long while then something snaps and they go on a buying campaign and purchase more than they can pay for.

A customer may have an account with you and have several other creditors, and begin to buy over amounts at each store unless rechecking is made by each store to curb it.

Many accounts which were good at one time become bad accounts because of the fact no rechecking has ever been made by the credit grantor.

Recheck your accounts with customers at various intervals. It will pay you.

—Port Huron (Mich.) Credit Bureau.

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Time Is the Essence of All Credit Dealings

There is no such thing as too short time but—there is such a thing as too long time. There is where the hard part of credit extension lies. Overcoming the long time accounts—the unprofitable ones.

Proper checking of these items through this office will cure the greatest portion of this evil. Either by a complete report, which is the preferable way, or through the channels of our Collection Department.

—Credit Guide Co., Marshalltown, Iowa.

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"Eddie Doesn't Work Here Any More!"

STORY

Once upon a time there was a credit man. He checked credits from early morn 'till late eve. The hard Harrys and the tough Tessies all looked alike to him. He'd pass 'em like nobody's business. He knew human nature so well, he could size up the thing we call man with amazing accuracy.

He did not need to investigate his applicants. One look was sufficient for him to tumble them into their places like nickels into a slot machine. He was so far ahead of the other credit men that he stood alone.

We heard so much of his uncanny ability to separate the sheep from the goats that we decided to get his formula and pass it along to the great concourse of credit men who were looking 'em up at much expense and trying to place them on their records.

So we went in and asked for this wise man with the sixth sense. "Alas," they said, "Eddie doesn't work here any more!"

VERSE

"Eddie doesn't work here any more."
He knew so much the rest of us were sore.
He could analyze a "bloke"
So fast it made us "choke,"
So the Sheriff tacked a notice on the door!

CHORUS

When it comes to granting credit nowadays
It's a job to get a customer that pays.
So be safe—and never sorry,
For it's very hard to "borrie"
To make up the cash that "Eddie" throws away.
—Morris County Credit Bureau, Morristown, N. J.

A Timely Comment for Members

With the volume of reporting business we are now handling, we cannot help but notice daily the number of individuals seeking credit who are not entitled to that privilege because of delinquent accounts owing to other members.

Evidently the publicity given to credit expansion has led debtors to believe that the stores are going to extend more credit by letting down the bars. It is quite evident that more credit is being extended, but only to those who meet the requirements, which are no different now than in the past, or at least should not be.

All intelligent retailers doing a credit business are more careful now, than ever before, as to whom they grant credit, and it is only good business that they should be.

Investigate credit applicants before delivery of merchandise or performing service and let the slow, bad or no-pay ones seek credit accommodations from those less careful than yourself. We are sincerely interested in the credit welfare of our members and we want to aid you in making a reasonable profit from your credit business. Therefore, we again urge you to ask for a credit report in all cases.

—Peru (Ind.) Credit Exchange, Inc.

» » »

Speaking of Codes—

The provision for returned goods does not solve the problem of the party dress returned the next day, but it will be a mighty weapon for the credit man.

—The Credit Bureau (Portland, Ore.).

» » »

The Doctor and the Dentist Have a Problem

It is a fact that the professional men are called upon to render service many times in a very outstanding manner, and they always respond to the limit. In these days of business strain and stress it would appear that there should be some way to call a halt on such lavishly expended services with no chance whatsoever to reap a return.

While the doctor and dentist lavishly give their time and ability for the relief of suffering, usually the same people who prey upon the professional man use the same kind of tactics on the retailers. From such statistics as we may find in the Credit Bureau it is easily seen that much of this lavishly expended ethics, kindness, or charity could be controlled, and that the truly worthy cases where care is needed, could be taken care of and those where charity is unworthy, could be weeded out. We offer the good offices of this Bureau in the protection of credit extended under any and all circumstances, and to that end, particularly under present-day business conditions, we would urge the use more systematically.

—Associated Retail Credit Bureau, Sioux Falls, S. D.

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Burris Addresses "Credit Clinic"

H. J. Burris, Credit Manager of John Taylor Dry Goods Company, Kansas City, Missouri, addressed the "Credit Clinic" of the Retail Credit Association of Kansas City on December 29, on "A New Deal in New Year's Resolutions." He stressed the importance of adopting a Community Credit Policy for 1934 and urged the Association to work toward a complete understanding among the retailers and professional men of Kansas City.

An Analysis of Profit and Loss Accounts

(Continued from page 9.)

change materially even if all the active accounts on the ledgers of the stores included in this study were examined.

Interesting comparisons can be made between the percentage of the accounts charged off to Profit and Loss in each occupational group and the percentage of charged-

Table 6 * Percentages of Accounts Charged Off by Occupational Groups

Occupational Groups		Per Cent of Total Accounts Charged to Profit and Loss	Per Cent of Total Accounts to Active Accounts
Male Clerks	\$45 to \$150	20.02	11.5
Tradesmen	75 to 175	17.34	8.1
Salesmen	100 to 250	13.40	9.5
Female Clerks	45 to 100	10.48	11.6
Professional Men	150 to 450	8.38	16.1
Proprietors	125 to 150	6.70	9.2
Professional Women	100 to 150	4.30	9.4
Business Executives	175 to 300	3.40	11.4
Farmers	50 to 100	2.80	1.8
Railroad Employees	100 to 150	2.00	5.4
Widows	100 to 125	2.00	3.0
Male Students	50 to 75	2.00	0.4
Public Employees	125 to 250	1.20	2.1
Female Students	75 to 100	1.00	0.5
Colored	32 to 80	4.98	---
Average Income per Month, All Groups	\$122.00	100.00%	100.0

off accounts to the total number of active accounts. For example, the stores enjoyed 11.5 per cent of the accounts of the occupational group representing male clerks, yet of the accounts charged off to Profit and Loss 20.02 per cent were of this occupational group. Of the total number of active accounts, 16.1 per cent were those of professional men; yet only 8.38 per cent of the total number charged off to Profit and Loss were in this group. Of the total number of accounts charged off to Profit and Loss, 17.34 per cent represented those engaged in some trade; yet this occupational group composed only 8.1 per cent of the total number of active accounts.

The percentage of the total number of active accounts charged off to Profit and Loss, or the percentage of loss to sales, may vary widely from stores of the same character in one city to stores of the same character in another city, according to respective credit policies. It is only natural to conclude that a liberal credit policy will result in a relatively higher loss ratio than a conservative or strict credit policy. The relative significance of a loss ratio cannot be determined by dollars and cents comparison, as there are other contingencies to be taken into account in appraising the significance of loss experiences.

For example, there may be two stores of like character in the same community, one observing a liberal credit policy and the other observing a conservative credit policy. The former may experience a higher loss ratio over a specific period of time than the latter while at the same time the former may be building for a higher sales volume which will produce overhead or operating earnings many times in excess of the increased credit losses. In

the final analysis, all merchants aspire to securing a greater dollars and cents net profit to surplus accumulation regardless of the ratio of net profit to total sales.

As long as a store operating under a liberal credit policy can feel satisfied that increased net earnings from increased volume can safely exceed increased loss ratios on accounts, perhaps in a minimum of two-to-one ratio, then most certainly a liberal credit policy should be observed. If the margin of increased profits from the liberal policy does not more than compensate for the increased losses on accounts, perhaps in the ratio suggested above, then the liberal credit policy may be unwise.

This tendency to grant credit liberally will be difficult to overcome in instances of severe recessions of business as it might have become a part of the store policy, whereas the promotion of sales volume may be economically impossible. It is because of just such a situation that many credit departments have been operating at a loss or they have been unable to collect their outstanding accounts during the last several years.

(To be Concluded in February Issue.)

Goodrich Company Appoints District Managers

C. B. O'Connor, General Sales Manager of B. F. Goodrich Rubber Company, announces the following appointments of credit managers:

Robert W. Nickels, Cleveland District
Walter J. Haecker, Pittsburgh District
W. H. Keplinger, Seattle District
Carl D. Horst, Jr., Philadelphia District

YESTERDAY
AND
TOMORROW

Under One Roof

The elegance of yesterday and the modernity of tomorrow are yours at the famous Auditorium Hotel — completely modernized at a cost of over \$100,000.

All the distinctive characteristics of superlative living, the high standards of service, the inimitable food and the distinguished Michigan Avenue location are offered you today in a new dress at a daily rate from \$150 single without bath—from \$13 single with bath—double from \$15.

Write for illustrated folder

ARTHUR J. NEWMAN MANAGER

AUDITORIUM
HOTEL

CHICAGO



User Reports Good Results from Our "Pay Promptly" Campaign

That prompt collections and a better understanding of credit can be "sold" to the Public has long been our contention. However, results make the most convincing arguments, so we reprint below a letter received from a user of our "Pay Promptly" Advertising Campaign:

The other day at our weekly meeting we were discussing our advertising expense and several members called attention to the fact that since we had been running the "National Pay Promptly" ads payments on accounts had increased very materially.

We have been running one of these ads every other week since the first of the year and have had excellent results. In spite of the fact that most of the mines are only working part time and some are closed down entirely, collections have improved very materially and many of the people that formerly were rather slow in taking care of their accounts are forming the habit of paying on or before the 10th of the month.

Another thing that we had not looked for is the recent increase in prompt payment of dues and we are glad to report that during the past few months a large number of our members have been paying their monthly dues before the 10th of the month. We are sure that these timely ads put out by the National have been very effective in educating the buying public as well as our members that the prompt payment of accounts puts money into circulation and that is just what we need to overcome this prolonged depression.

For several years past our association has carried on a continuous advertising campaign and we find that the National Association copy has brought much better results than the copy that we used in the past.

Assuring you that we are glad to be able to report such good results from this campaign, we are,

—HERMAN MARQUARDT, *Manager,*
Shoshone Credit Association,
Wallace, Idaho.

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Special Price List of Forms and Systems Department Withdrawn

The special price list on forms, issued in November, which applied only to forms shipped from Pueblo before the stock was shipped to St. Louis, is cancelled. All forms will now be billed on the basis of regular prices.

Credit Bureau for Sale

Collection and adjustment bureau located in fast growing city of 150,000 population. Near Tennessee Valley development. Bureau growing fast. Wonderful opportunity. Owner has other business.

Address Box 12, "Credit World."

Positions Wanted:

EXECUTIVE.—Energetic, capable, 20 years of demonstrated ability includes bureau management, all phases of credits and collections, from banking to retail, sales organizer and membership developer. Always a money-maker for my employers. Married, must have a job. What have you? Address Box 13, CREDIT WORLD.

* * * *

HERE'S YOUR MAN.—Merchants and Credit Executives are rightfully demanding dependable credit bureau service.

Where present service is inadequate through indifferent or incompetent management, bureau members should decide to no longer tolerate inefficiency; that now is the time to "get going" under the guidance of an experienced and able manager, possessed of vision, resourcefulness and enthusiasm—one who can solve their present financial and operating problems.

Such a man is now available. Age 32, married, college graduate. Four years collection agency and five years bureau executive in city of 60,000. Organizer and secretary active local retail credit association. President two years of state credit bureau association. His record and credentials are your assurance of efficient, progressive and economical management. Investigate by writing Box 11, CREDIT WORLD.

* * * *

ALL-ROUND EXECUTIVE.—Former chain store official with previous experience in sales promotion, advertising, merchandising, is now available. Experience includes credit as well as financial management in retail field. A high-type man who will fit in any retail "picture." All correspondence will be held confidential. Address Box 14, CREDIT WORLD.

» » »

Office Equipment Wanted

One of our members writes:

"We should like to know the name of an Eastern member who might have a transcriber for sale. Thank you in advance for any help you may be able to give us in this matter."

* * * *

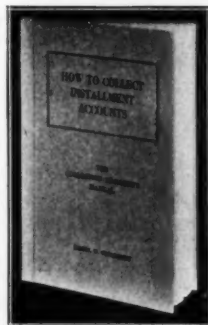
Another writes:

"We are in the market for a file to carry cards 3x6 and if any bureau has a file this size we will be glad to have quotations on same."

Address all replies to the National Office.

Will The Dollars You Collect Be Worth Only 50c?

NOT IF YOU CAN HELP IT!



And you can help it. "How To Collect Installment Accounts," a new book by Samuel W. Guggenheim, will *speed up* your collections. It will help you collect your outstanding accounts while these dollars are worth more.

The price of "How To Collect Installment Accounts," \$2.00, is insignificant compared with the benefit you will derive from the use of these tested ideas and letters that have collected thousands of dollars, quickly. 70 pages, Cloth Bound. Order now—from—

NATIONAL RETAIL CREDIT ASSOCIATION

1218 Olive St.

St. Louis, Mo.

Credit Men of St. Louis Have Faith In Their Credit Bureau

By LOUIS WELLINGHOFF

Credit Mgr., Boyd's, St. Louis; Past President, Associated
Retail Credit Men and Credit Bureau of St. Louis

Naturally, a good citizen must have good credit. Credit to most of us means the acquiring of something of value without having to pay for it immediately, but it has a more important aspect. It functions today as an economic stimulus to better living and we should safeguard it and conserve it as we do our health. Furthermore, good credit can best be determined through an analysis of the accumulated experiences of the trade, when filed with and checked by the credit bureau.

Such a conclusion, to men like ourselves—on the inside, with personal knowledge of the mechanics of our credit bureau—should bring us a feeling of real consolation and pride, for it is the credit bureau, at least in St. Louis, that makes available to us credit managers the great storehouse of credit information that the bureau has accumulated from the various merchants in our trade community thereby enabling us to eliminate guesswork and arrive at a definite conclusion as to who are really the good citizens of the community.

Nearly 50 per cent of the total retail business transacted annually is done on some form of credit, and the majority of people use credit in its various forms. But only those who are honest and industrious and who realize fairly the obligation of meeting their contracts as agreed, continue to enjoy its advantages.

An incident such as occurred in my office recently is a case particularly worth while to be observed as an indication of who are entitled to further consideration as profitable charge customers.

A certain lady filed an application for an account, claimed certain responsibilities, and added that no accounts were being maintained in the trade. As in all cases, each application is cleared through our credit bureau, and in this instance the report from the bureau showed unpaid accounts long past due with no apparent date for payments in view.

A second interview with the customer secured an admission that such was the case, but an account was desired at our store as she would like to be reestablished. The policy of our store was called to her attention. She was told that no application would be accepted until past due accounts were adjusted, as we felt additional credit would be merely adding to her outstanding obligations, and surely her inability to pay present indebtedness would not be improved by adding to her present outstanding obligations.

Definite credit policies are possible in those cities wherein the credit men are organized and personally I cannot see how anyone doing a retail charge business can afford not to be an active member of his local credit bureau, especially when such an organization is operated on an efficient basis such as is ours in St. Louis.

YOU NEED This New Book

"Proven Plans to Speed Collections
and
Timely Tips to Trim Office
Overhead"

Copyright, 1933

THIS book is from the pen of a man who has spent over twenty years in the study and practice of the art of collecting money and retaining the good will and patronage of those from whom he collected.

In this book will be found:

- 288 successful collection ideas, plans and letters.
- 470 collection paragraphs in a unique letter book arranged according to appeals to different emotions, classified and numbered for convenient use, including—
- 204 effective ways to close your collection letter for action.
- 147 attention-getting opening paragraphs for collection letters.
- 119 miscellaneous collection paragraphs classified according to appeals to pride, fear, sense of fairness, etc.
- 51 tracing tricks and schemes to locate the debtor who moves.
- 42 time and labor saving office short cuts and postage saving ideas.
- 25 specific ways to cut bad check losses and points to watch in cashing checks.
- 10 ways to use the telephone to improve collections.
- 4 ways to locate debtor's place of employment.
- The most successful plan of a Texas collection expert in collecting from farmers.
- How to get your money on defective remittances and bad checks.
- How a Dallas collection expert collected a six-year-old judgment in Texas where wages cannot be garnished, from a debtor with no property, who carried his bank account in another city under his wife's name.
- A plan used by one merchant to educate his customers to pay by the 10th.
- A letter that asked only for a date but brought back checks in all but one case.
- A scheme that collected 50 per cent of a big list of small publisher's accounts and made the debtor smile as he paid.
- A clever stunt in following up broken promises that brought in 80 per cent returns within five days.
- A plan that speeded up collections 75 per cent on accounts under \$10.00.
- A plan that enabled a dentist to collect 98 per cent of his accounts over a period of ten years.
- A simple plan that enabled a wholesale credit man to reduce his bad debt losses to less than 1/15 of 1 per cent over a period of seven years.

This is really more than a book. It is a working kit for the credit man, the merchant, the professional man or anyone who has anything to do with collections.

You also get a letter and paragraph book with definite and specific instructions on how to use it as well as a generous supply of blank pages to enable you to add your collection letters and paragraphs and tie this right in with your own business.

Handsomely bound in serviceable black, imitation leather (loose leaf), size 9x11 inches, it is a most unique portfolio—a veritable treasure book of PROVEN PLANS TO SPEED COLLECTIONS AND TIMELY TIPS TO TRIM OFFICE OVERHEAD.

The price originally set for this was \$15.00 but to make it available to a larger number, it may now be purchased for the unbelievably low price of

\$5.00

ARTHUR P. LOVETT
4455 PENN STREET KANSAS CITY, MO.

"Sell" Better Collections in 1934 - - With this Proved Advertising Campaign

TWELVE ADS:

Twelve ads in the campaign, each covering a vital phase of consumer credit.

For complete description, write for new "Pay Promptly" Portfolio.

Sample advertisement (in 4" x 6" size) shown at right.

The 10th of the Month is Their Pay Day---



You may be an employer—or an employee. In either case you know the meaning of "pay day"!

RUNNING a business is like running a household: Current income must be depended upon to meet current expenses. Help must be paid regularly. Materials purchased must be paid for according to terms. Rent, light and other bills must be paid when due.

The merchant, the physician, the dentist—all credit granters—in order to meet their obligations, must insist on prompt payment of their accounts in accordance with standard terms.

Each month's charges are due on the first of the following month and payable not later than the 10th. The 10th, by courtesy, is the final date for payment—after that, bills are considered delinquent.

You are their paymaster! Prompt payment of their accounts will enable them (and their creditors in turn) to pay their bills promptly. Everyone will benefit, including yourself—for paying bills promptly builds a good credit record.

*Use your credit freely and pay all bills
by the 10th or promptly as agreed*



PUBLISHER NOTE CAREFULLY: This Space is for Local Association Signature to be Set by You.
Cut off small brackets at each outside corner of advertisement which are placed there to indicate exact size of space. This ad must be run at bottom of page.

THREE SIZES:

Each ad furnished in three sizes at the following prices (which include mats):

8x12 in.	\$2.00 each
6x9 in.	1.50 each
4x6 in.	1.25 each

"Month-in-month-out" advertising is the only kind that pays—in selling better collections as well as in selling merchandise. A few dollars a month invested in "Pay Promptly" Advertising pays big dividends.

*Bureau managers, credit managers, and newspaper executives—
read the two letters (elsewhere in this issue) describing results
achieved with the N. R. C. A. "Pay Promptly" Campaign*

NATIONAL RETAIL CREDIT ASSOCIATION
1218 OLIVE STREET
SAINT LOUIS, MO.

"What Is This Year's Most Important Problem—?"

(Continued from page 21.)

"Rehabilitation Is the Credit Manager's Problem for 1934"

The problem of paramount importance for 1934 is the acquisition of new charge accounts and retention of the old ones. Problems in credit granting always have been legion, but this one is outstanding; it is the prime reason for the very existence of the Credit Department.

The long-standing belief that a charge account necessarily binds a customer to the store is an exploded fallacy. Profitable charge accounts (definition of a profitable and unprofitable charge account is not within the scope of this opinion) are our stock-in-trade. Unless we have customers and are good merchandisers, all else is incidental.

The passing of any particular period brings retrospect into play, and the credit man who fails to take inventory of his department at the turn of the year is not wise. For instance, take the number of active accounts on your books at the beginning of 1933 (properly determined active by analysis and not haphazard), ascertain the number of accounts placed on the books during the year, and compare it with the number of active accounts on your books at the present time; the disclosure will in all probability be a revelation.

Why is the percentage of net gain in active accounts so small, when the number of new accounts placed on the books is not subnormal? These questions naturally open up a wide field, upon which it is not in our province now to enter.

Bankruptcies, deaths, closed at customer's request, closed by the Credit Department and a multitude of other reasons reduce our stock-in-trade, but the fact remains that, in the parlance of the Methodists, many of our customers, both old and new, have "ceased to meet" and become backsliders. *Rehabilitation is the credit manager's problem for 1934!*

—FRANK BATTY,
Hale Bros. Stores Inc.,
San Francisco, Calif.

* * * *

"The Reopening of Accounts"

The reopening of accounts, to my mind, is the most important problem the credit manager has confronting him for the year 1934.

I believe that the buying public to a certain extent will have to be reeducated as to the value of credit. In rechecking accounts for reopening, the credit man will have to take into consideration whether or not the individual is worthy of credit and whether or not the individual is sufficiently employed at a salary to warrant the extension of credit.

A great many people in the past have been unusually slow in paying their accounts due to conditions over which they had no control, such as unemployment and reduced earnings, and as they obtain positions now and reestablish themselves once more, in their desire to live more as they have in the past they will be anxious to reestablish their credit.

In cases where individuals have had reduced incomes, the credit manager will have to go into the matter of receiving definite information and a clear understanding relative to terms (this of course refers to thirty-day accounts) and limit the account accordingly, which is going to be a difficult problem and one which will require a

great deal of watching. Naturally, the credit manager is going to be anxious to reestablish good accounts on his books.

During the past few years there have been too many concerns too anxious to work up volume which has caused them to loosen up on their terms. This, therefore, means that the credit manager will have to use *salesmanship* in bringing this condition down to normal as much as possible.

—HARRY O. WRENN, *Credit Manager,*
Nebraska Clothing Co.,
Omaha, Neb.

* * * *

"Rehabilitation of the Formerly Good Account—On a Basis Commensurate With New Income"

One of the major problems of the credit manager in 1934 is the rehabilitation of the former good account on a basis commensurate with new income. If a customer, who previously carried a good account, became slow because of circumstances over which that customer had no control, and is sincerely trying to reestablish a good credit rating, that customer is due the utmost consideration and assistance from the credit manager.

There is, of course, the habitual "slow pay," who was never a desirable credit risk, with which to contend. While aiding good customers in rebuilding a sound credit rating, all effort possible should be made to weed out the undesirables. In fairness to your firm you should not place on your books again accounts which you are reasonably certain will not be liquidated in the proper manner.

The public is ready to be educated regarding the real meaning of credit, and there is no better time than now to start this education.

—M. WEINSTEIN, *Credit Manager,*
Foley Bros. D. G. Co.,
Houston, Texas.

* * * *

"To Maintain the Balance Between Good Credit and Successful Sales Promotion"

To maintain the difficult and delicate balance between good credit and successful sales promotion appears to me to be the outstanding problem of 1934.

An improvement in business and a wave of public optimism have resulted in many requests for renewed credit and for new accounts. We should, I feel, consider good pre-depression records of applicants and reasons for delayed payment during the depression, and due allowance should be made for bad ratings solely the result of business conditions.

On the other hand, no credit should be granted if the customer's present income is not permanent and adequate both for current needs and old debts. Only a complete and accurate report can give us the information we need for successful credit granting, and much of the responsibility for the degree of our success rests, therefore, with the local credit bureaus and through them upon the merchants who have been giving the bureaus information in the past.

In dealing with accounts now active on our books our chief problem is to prevent, without loss of good will, the overbuying which is a serious danger of the present optimistic wave.

—E. KANT, *Credit Manager,*
Ed. Schuster & Co., Inc.,
Milwaukee, Wisconsin.

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